FINANCIAL TIMES

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WORLD NEWS

European spacecraft plan starts

Western Europe has formally begun to develop Hermes, a French-inspired manned space vehicle which would be carried into orbit by an Ariane rocket, *in spite of UK scepticism that* the project might be too expensive and damage the British *Hotol project.*

The 11 members of the European Space Agency have until the end of November to decide how much to contribute to the $50m (£35m) design phase of Hermes, which looks like a miniature US space shuttle. **Back Page**

Baker backs head

Education Secretary Kenneth Baker told Brent education authority in London to reinstate suspended headmistress Maureen McGoldrick, who was cleared by school governors of making a racist remark.

IRA kills manager

An IRA gunman killed Kenneth Johnston, 25, manager of a building supplies store at Magherafelt, Co Londonderry, as part of the campaign against people who carry out contracts for the police and army.

Search aircraft crashes

A US Marine fighter from the carrier John F. Kennedy crashed in the Mediterranean while searching for a submarine-*hunting aircraft* from the same vessel missing since Tuesday.

Mine kills TV producer

Thames Television producer Alan Stewart, 35, was killed by a *landmine* while *filming* in southern Sudan.

Manchester air link

Manchester airport is to have a £15m rail link with the city's *Piccadilly station with services* every 20 minutes at peak periods. **Page 3**

Ex-minister to quit

Former Education Secretary, Mark Carlisle, 57, became the 35th Tory MP to say he would stand down at the next general election. **Page 3**

Extradition hearing

A French court will consider on Tuesday a request from South Yorkshire police for the extradition of Sheffield solicitor Ian Wood to face charges of murdering his French girlfriend and *her three-year-old daughter.*

Spy satellites 'blinded'

Russia has "blinded" at least three US spy satellites using a highly-sophisticated ground-to-space laser cannon, according to a West German newspaper.

87 held at Heathrow

Eighty-seven people, including 56 from Bangladesh, who arrived at Heathrow in advance of new visa regulations were still being detained, the Home Office said.

17 die in train crash

At least 17 people were killed and 53 injured when a passenger train was hit by a string of runaway goods wagons in the north Indian state of Madhya Pradesh.

Mansell fastest

British racing driver Nigel Mansell recovered from a crash to record the fastest time in practice for Sunday's Australian Grand Prix in Adelaide in which he hopes to clinch the world championship.

Autumn cheer

English wine growers expect a good, but not great, year with grape harvests 30 per cent to 50 per cent higher than last year. **Page 3; Wine column and growing grapes, Weekend XX**

Summer time ends

British Summer Time ends at 2 am on Sunday when all clocks should be put back one hour.

BUSINESS SUMMARY

Japanese banks spark dollar surge

JAPAN'S major trading banks delivered a reminder of their power to determine the direction of foreign exchange trading and triggered a wave of dollar buying which took the currency to its highest level for months.

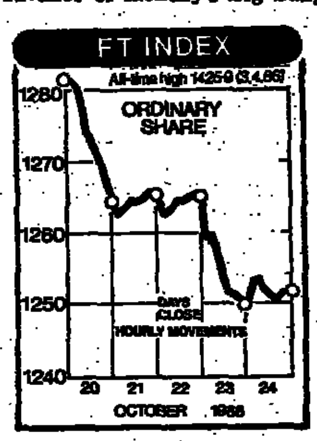
Volume in the Tokyo spot market hit a record $8.9bn (£6.3bn) as big institutional purchases forced smaller players into the market. **Back Page; Money markets, Page 11**

BANK supervisors will try to set a minimum common standard of capital strength for banks which compete internationally. **Back Page**

US sought to gloss over figures revealing a record $220.7bn (£156.3bn) *federal deficit* for the 1985-86 fiscal year. **Back Page**

STOCK EXCHANGE trading wound down early yesterday in advance of Monday's Big Bang.

FT INDEX



The FT Ordinary Index gained 1.7 to close at 1,251.6, 29.9 down on the week. **Stock markets, Page 11**

LLOYD'S of London faces paying $62.18m (£44m) to Manville, the US company over huge claims for asbestos-related illness. **Back Page**

CBS, US broadcasting and entertainment group, is to sell its educational and professional publishing interests for $500m (£353.8m) and has tentatively agreed the disposal of its music publishing business. **Page 9**

PKBANKEN, big Swedish commercial bank, is understood to be negotiating the takeover of Gotabanken, Sweden's fourth largest bank, in a deal that could exceed SKr 4.5bn (£460m). **Page 9**

ITALIAN entrepreneur Carlo De Benedetti dismissed the chairman of Cerus, his French holding company, for allowing Sir James Goldsmith to proceed with a rival bid for *Presses de la Cité,* France's second largest publishing group. **Page 2**

REUTERS HOLDINGS, international business information group, announced plans to acquire Instinet Corporation, a US company with an electronic share dealing system, in a deal valuing Instinet at $97m (£68m). **Page 8**

US *judge granted* Allied Stores, a big US retail chain, a temporary restraining order barring *Campeau Corp,* Canadian property developer, from completing the purchase of 25.8m *Allied shares.* **Page 9**

The City Revolution

Monday is Big Bang day, the focal date for the transformation of the London financial markets. The Financial Times on Monday will examine every aspect of the changed and changing City in a 48-page survey, the biggest we have published. It will look at the implications of the City revolution from the impact on the domestic securities markets to the international repercussions in Tokyo, New York, and other financial centres.

MARKETS

DOLLAR	STERLING
New York:	New York $1.413 (1.4235)
DM 2.036 (2.012)	London:
FFr 6.6595 (6.585)	DM 2.87 (2.84)
SFr 1.6773 (1.65725)	FFr 9.385 (9.2975)
Y161.75 (159.25)	SFr 2.365 (2.34)
London:	Y228 (225.25)
DM 2.032 (1.9945)	Sterling index 67.9 (67.5)
FFr 6.6425 (6.53)	*LONDON MONEY*
SFr 1.673 (1.643)	3-month interbank:
Y161.35 (158.15)	closing rate 11 5/32% (11 1/8)
Dollar index 111.5 (109.9)	NORTH SEA OIL
Tokyo close Y161	Brent 15-day Nov (Argus)
US *CLOSING* RATES	$13.95 ($14.05)
Fed Funds 5 11/16% (5 13/16%)	STOCK INDICES
3-month Treasury Bills:	FT Ord 1,251.6 (+1.7)
yield: 5.27% (same)	FT-A All Share 783.44 (+0.2%)
Long Bond: 94 5/32 (94 1/4)	FT-SE 100 1,577.1 (+4.6)
yield: 7.76% (7.72%)	FT-A long gilt *yield index:*
GOLD	High coupon 10.51 (10.56)
New York: Comex Dec	New York
$409.7 ($417.5)	*DJ Ind Av* 1,832.26 (−2.67)
New York $1.413 (1.4235)	Tokyo:
	Nikkei 16,284.0 (−24.27)

Chief price changes yesterday, Back Page

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 46; Cyprus C£0.75; Denmark DKr 8; France FFr 8.50; W Germany DM 2.20; Ireland 60p; Italy L1,800; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.00; Portugal Esc 100; Spain Pta 125; Sweden SKr 7.00; Switzerland SFr 2.20.

UK cuts links with Syria over airliner bomb plot

BY ROBERT MAUTHNER, ROGER MATTHEWS AND PETER RIDDELL

SYRIA REACTED promptly last night to Britain's decision to sever diplomatic relations with Damascus by sealing off Syrian airspace and waters to British aircraft and ships.

The move followed closely on an announcement by Sir Geoffrey Howe, Foreign Secretary, in the Commons that diplomatic relations with Syria were being cut in retaliation for Syrian involvement in an attempt to blow up an *Israeli* airliner and its 380 passengers and crew.

The British Government's action was taken immediately after the conviction at the Central *Criminal Court of* Nezar Hindawi, a Jordanian, who was found guilty of *attempting to carry out what* the judge called "a horrendous massacre."

Hindawi was sentenced to 45 years' imprisonment for duping his pregnant Irish girlfriend into carrying explosives on to an El Al Boeing 747 at Heathrow airport last April.

An official statement issued in Damascus said the Syrian Government, after studying the unjustifiable British decision, had decided to close the British Embassy and the British Council cultural centre in Damascus. Diplomatic and cultural centre staff had seven days to leave the country—half the period allowed to Syrian Embassy personnel to quit Britain.

The Syrian ban will affect 105 British return flights a week over Syria to other Middle East and Far East destinations. There are no direct British Airways flights to Damascus. The Syrian Government has also instructed Syrian Arab Airlines to halt all flights to London.

The Syrian decision pre-empted the imposition of tighter security arrangements on Syrian airlines, including special controls on all aircraft and crews and stricter searches *of personnel and baggage,* announced earlier by the Foreign Secretary.

The Syrian Government statement said: "In full co-operation and co-ordination with the *Zionist enemy,* the *British* Government has concentrated its campaign against the Arabs *and, in particular, against Syria,* which stands firmly in the way of Israel's aggressive and *expansionist* policy in the Middle East."

Sir Geoffrey said that Mr Hindawi had been convicted of a "monstrous and inhumane crime." There was clear evidence of Syrian involvement with the convicted man.

The Foreign Secretary detailed the official Syrian role both in London and Damascus which led to yesterday's announcement.

The US and European nations have several times suspected Syria of aiding terrorist groups, *but this is the first time such* specific evidence has been gathered. Syria has consistently *denied any involvement. The* US in particular has refrained from taking direct action against Damascus *in contrast* to its bombing raid on Libya in April.

Sir Geoffrey said yesterday there was no evidence that any country other than Libya was implicated in the bombing of the West Berlin disco which provoked the US raid on Tripoli.

Sir Geoffrey added that Britain was taking urgent steps to inform its European partners and other allies, including the US, of the details of the case and the measures it was taking. Britain would urge them to take "appropriate supporting action."

Officials said that it would be up to individual countries to decide what specific steps should be taken.

Canada was the first country to respond, announcing that it *had recalled its ambassador to* Syria for consultations. "Canada fully supports the action taken by *Britain today," Mr Joe Clark,* the External Affairs Minister, told parliament in Ottawa.

Sir Geoffrey is hoping for further demonstrations of support at a meeting of European Community foreign ministers in Luxembourg on Monday and Tuesday, which he will chair.

Britain has given Dr Loutof Allah Haydar, the Syrian ambassador, and his staff of 20 two weeks *to leave Britain. Britain* is to close its embassy in Damascus and to withdraw its *19 staff of whom eight are* diplomats.

A British embassy spokesman *in Damascus said that when Mr* Roger Tomkys, the ambassador, was summoned to the Foreign *Ministry yesterday he had* sought assurances that 250 Britons living in Syria would continue to enjoy protection for their lives and property. "We were given all the assurances we asked for."

After having been told of his expulsion, Dr Haydar maintained that the Hindawi case was a joint Israeli-American intelligence plot.

This line was echoed by the Soviet Union, Syria's principal international ally. Tass, the Soviet news agency, said Britain's "provocative action is in line with a rabid anti-Syrian campaign unleashed by Israel and the US and *is aimed at discrediting* the Syrian leadership and its consistent anti-*imperialist* policy."

Israel has meanwhile expressed satisfaction at the *British decision to break with* Syria.

The breach with Syria, Page 2; Editorial comment, Page 6

The allegations against Syria

EVIDENCE produced at Mr Hindawi's trial said:

- **He spent some time in a hotel reserved for crew of Syrian Arab Airlines.**
- **He spent the night after the bomb attempt in Syrian Embassy accommodation where clippings of his hair *and hair dye were found.***
- **He travelled on a Syrian passport under a false name.**
- ***His visa applications were* on two occasions backed by official notes from the Syrian Foreign Ministry.**
- **He met the Syrian ambassador at the London embassy after discovery of the bomb.**

The Government claims to have independent evidence that:

- **The Syrian ambassador was personally involved several months before the bombing attempt in securing for Mr Hindawi the sponsorship of the Syrian intelligence authorities.**
- **During his detention Mr Hindawi sought to contact Syrian intelligence officials in Damascus with a request for assistance in securing his release.**

Reagan recalls Damascus envoy

By Lionel Barber in Washington

THE US yesterday withdrew its ambassador from Syria and expressed strong support for Britain's decision to sever diplomatic ties with Damascus.

Mr Larry Speakes, the White House spokesman, said: "We applaud the reaction of Her Majesty's Government." He added that further measures would be taken against Syria in consultation with allies in *Europe.*

The decision to withdraw the US ambassador, Mr William Eagleton, followed urgent discussions at the State Department yesterday about what measures to take after the British action.

US officials said the Administration had to strike a balance between supporting one of the US's closest allies and preserving some diplomatic ties with Syria.

Washington regards Syria's leader, President Hafez Assad, as a potentially influential *figure in the search for peace* in the Middle East. He helped secure the release of 39 US *hostages after a TWA airliner* was hijacked in June 1985.

A senior official said the US was sending its ambassador at large, Mr Gerald Bremner, to consult Britain and other allies. The withdrawal of an ambassador is the strongest step a country can take, short of cutting all diplomatic ties.

In Paris, the British decision was seen as likely to cause *embarrassment* to the Government of Mr Jacques Chirac because of the widespread belief in France that either the Syrian regime or its secret services were involved in recent terrorist attacks in Paris.

The French Government has no wish to follow Britain's lead *because* President Assad's regime is seen in Paris as a key element in France's Middle Eastern policy and in maintaining peace in the Middle East.

The West Germans, meanwhile, *in an attempt to distance* themselves from Damascus, appear to have deferred a planned *visit* to Bonn next week by the Syrian Foreign Minister.

Mr Hindawi's brother, Mr *Ahmed Nawat Mansur Hasi,* 35, is due to go on trial in three weeks in West Berlin charged *with bombing the German Arab* Society offices there on Good Friday.

Fujitsu plans 80% stake in leading US chipmaker

BY LOUISE KEHOE IN SAN FRANCISCO AND CARLA RAPOPORT IN TOKYO

FUJITSU, the big Japanese *electronics and computer group,* plans to acquire 80 per cent of Fairchild Semiconductor, the "*grandfather*" *of California's* Silicon Valley chipmaking industry and second largest *supplier* of chips to the US military.

This is the first time a Japanese company has sought to take control of a mainstream US chip supplier.

The announcement, made by Fujitsu and Schlumberger, the oil services group which owns Fairchild, is expected to raise serious questions in Washington, where the growing dependence of US defence on foreign chip suppliers *is fast becoming* of deep concern.

Although Fairchild has been owned by Schlumberger, the US-French hybrid company, since 1979, the prospect of *Fairchild's military chip technology* moving further beyond US control will not be welcomed by the Pentagon.

In Silicon Valley, the sale of a controlling share of Fairchild, the sixth largest US chip group, *to one of Japan's most powerful* electronics companies represents a stunning psychological *blow* to US chipmakers, which are desperately fighting Japanese competition.

At Fairchild, however, the agreement was welcomed as very positive. Mr Michel Vaillaud was *ousted* as chairman of Schlumberger earlier this year and there was speculation that Schlumberger would sell Fairchild.

For Schlumberger, Fujitsu's *offer for a stake in Fairchild* must have come as relief. Schlumberger, suffering from the fall in oil prices, has slipped into loss for the first quarter of 1986, and could no longer afford to support Fairchild, which has not been profitable since 1979.

Although an early leader in the semiconductor industry, Fairchild, which Schlumberger acquired for $425m (£300m), lost much of its technology prowess in the late 1970s and early 1980s. The company's *history* is one of "missed opportunities" according to industry analysts. Schlumberger has pumped an estimated $400m into research and development and an additional $800m into new facilities at the company over the past seven years, but has yet to see a return on its investments.

Fairchild has been making a comeback since the appointment of Mr Donald Brooks as president in January 1985, and recently announced new products are expected to boost its sales.

In many ways, the marriage of Fairchild and Fujitsu is a *good match. Fairchild's* strengths lie in high performance and military circuits and Fujitsu is a master of high volume commodity chip manufacturing. The companies plan to cross-licence their tech-

Continued on Back Page

Schlumberger beats retreat, Page 9

Lex, Back Page

Eurotunnel still short of target

By Andrew Taylor

EUROTUNNEL, the Anglo-French channel tunnel consor*tium,* had by *last night* failed to reach its £206m target for an international share placing, £70m of which was to have been raised in Britain.

The consortium said, however, that the official deadline for subscription to the issue was not due to close until Wednesday and there was still time for money to come in.

Continued on Back Page

SE rowdy as old world ends

BY NICK BUNKER

THE London Stock Exchange yesterday wandered between two worlds, one dead, the other powerless to be born. It was the last day of dealing before Monday's Big Bang sweeps away the old fixed minimum commissions and marries broking and jobbing firms in new-fangled market-making conglomerates.

One market veteran said: *"The feeling was that the old* exchange has been dead and Lying-in-State all week. Today *we gave it its funeral* and sent it on its way."

If it was a funeral then it was followed by a rowdy Irish wake. There were tears in some quarters but the old exchange's last-rites were celebrated with schoolboy pranks, bottles of wine and, at 3.30pm, choruses of Auld Lang Syne.

The day's mood on the floor was set soon after dealing opened: a grey pantomime horse arrived, its kickable rear-end supplied by a junior clerk *from* a leading broker.

"I hope the horse had a member's badge," said several dealers who mobbed the top-hatted Government broker, doused clerks with shaving-foam and fired toy guns.

The horse, occasionally carried shoulder-high by market members, vanished at lunchtime clutching a glass of wine, watched from a crowded Visitors Gallery. He was replaced by the puppet of Mr Nigel Lawson, the Chancellor of the Exchequer, which appears in Central Television's Spitting Image programme.

The puppet's appearance, with Central's cameras, was partly to mark Big Bang but was also seen as a publicity stunt for Central's graduation next week to a full stock-market listing.

Such scenes scandalised some older members, especially those scarcely overjoyed by the speed of recent change in Throgmorton Street.

For Mr Terence Ahern, a broker and veteran of the Second World War who joined the exchange in 1939, it was a sad day worsened by the rowdiness. "It's a very bad advertisement for the exchange," he said.

Friday, he said, was the end of one of its 14-day accounting periods, so he had much to do. However, it *proved hard to reach jobbers'* pitches or to make himself heard "in all the enormous shouting and screaming."

He said Big Bang had been managed with "indecent haste — they have attracted the wrong sort of individuals to the market."

However, *for* others, not least the stockbrokers' research staff, Friday was no *different from any other day.*

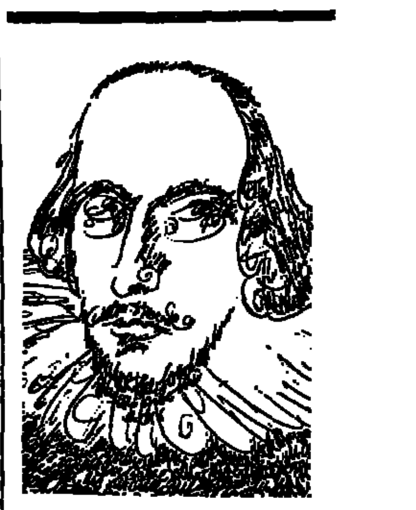
"We're a boring lot, we analysts," said Dr Peter Virgin. *He follows insurance* for Morgan Grenfell Securities. Yesterday he had time *only for a swift walk around* the floor before returning to number-crunching.

Hoare Govett, plans, Page 3; Lex, Back Page

CONTENTS

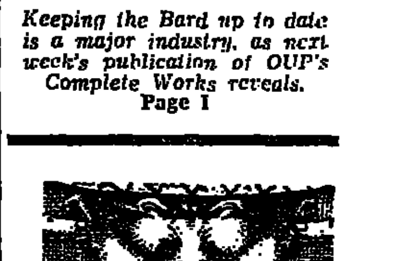
For London market and latest share index 01-246 8026; overseas markets 01-246 8036

WEEKEND FT



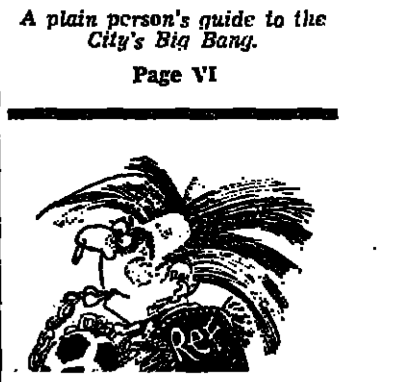
SHAKESPEARE

Keeping the Bard up to date is a major industry, as next week's publication of OUP's Complete Works reveals.
Page I



FINANCE

A plain person's guide to the City's Big Bang.
Page VI



SPORT

Luton Town's brave attempt to combat hooliganism: the reckoning so far.
Page XXIV

TRAVEL

Fishin' and sightseein' in Ontario.
Page X

THE ARTS

Ten years of the National Theatre.
Page XXIII

Court told of part played by Damascus

NEZAR HINDAWI'S attempt to blow up a packed El-Al jet in mid-air was one of the most callous acts of all time, his Old Bailey trial was told.

Not only did he use his pregnant girlfriend, chambermaid Ann Murphy, as a human time-bomb, said Mr Roy Amlot, prosecuting, but there was "convincing evidence" that his murderous mission was devised in concert with Syrian government agents.

After duping Miss Murphy into being the perfect unsuspecting courier of his bomb, Hindawi left Heathrow airport, expecting her to die with the other 375 passengers on board the jumbo jet, and went to the Royal Garden Hotel—used by Syrian Arab Airlines crew—and boarded the crew's bus to the airport to fly to Paris.

He was told of the bomb's discovery by security officers at Heathrow, however, and was given an envelope by one of the crew to hand in person to the Syrian ambassador. He took a taxi straight to the embassy.

At first Hindawi told police he was nothing more than a drugs courier for a Syrian smuggling gang. He claimed he was recruited by a man in Damascus and offered $250,000 to smuggle drugs out of Britain into Tel Aviv.

Later, however, Hindawi told police he wanted to tell the truth. He said he had met the head of military intelligence in Damascus and agreed to carry out attacks on Israeli targets for money and the promise of places at Syrian universities for Jordanians.

Syrian airline crews brought explosives, drugs and guns into Britain and Syrian Security officers were among crews based at the Royal Garden Hotel on stopovers, he said.

He was given the bag containing the bomb in the Royal Garden Hotel, told how to arm it and advised to find a girl to carry it.

In court Hindawi denied saying any such thing. He insisted he believed only drugs were inside the bag and alleged that in police interviews he was frightened by threats to turn him over to the Israelis who could torture and kill him.

He claimed he was an innocent pawn in an Israeli intelligence plot to discredit the Syrians.

Hindawi told the jury he believed a Mossad agent living in Syria could have set him up and given him the bag containing the bomb.

His counsel, Mr Gilbert Gray, QC, suggested that Israeli agents could have very good reasons for planting explosives in Hindawi's bag and then alleging he was involved in a Syrian-backed bombing attempt.

"You can imagine the knock-on-effect if a foreign government were involved and if it happened to be Syria. Syria could be turned out of the community of nations and banned from flying its aircraft anywhere."

Hindawi told the court that when he saw the ambassador he asked how drugs had turned into a bomb. The ambassador, was angry and told him: "Such a story against us, against the Arabs, especially against Syria — nobody could be a real human being to do such a thing."

The gap in understanding seems certain to widen, **Roger Matthews** reports

UK strikes at heart of Arab politics

SYRIA IS the one remaining front-line Arab state which Israel still has reason to fear. Since Egypt signed the peace treaty in 1979 and Iraq became embroiled in the Gulf War with Iran the following year, Syria has become the unchallenged standard bearer of the most virulent strain of Arab nationalism which so dominated the Middle East during the Sixties and early Seventies.

The Syrian Government, headed by President Hafez al-Assad for the past 16 years, is proud of its unyielding consistency. Its favourite slogan boasts that without Syria there can be neither peace nor war in the Middle East. Damascus has long sought to establish for itself such a central role, which brings both political status and important economic benefits.

President Assad is noted, even among his most committed enemies, as perhaps the most highly skilled political operator in the Middle East. His stance as prime defender of the Palestinian cause, implacable opponent of Israel and champion of Arab rights, has brought in very substantial financial aid from wealthier Arab states, particularly in the Gulf.

It has also given him the invaluable international protection of a Treaty of Friendship and Co-operation with the Soviet Union.

Syria therefore cannot be ignored as the US, in particular, has discovered over the years. Its considerable military strength and its links to Moscow have made other nations, both regional and international, wary of direct confrontation. It has been one thing to suspect Syria of sponsoring terrorism, quite another to challenge Damascus openly, and still more risky to undertake any form of direct action.

The US, with British support, could mount a military operation against Libya, confident that Col Muammar Gadaffi was militarily weak and almost friendless. A few Arab states might complain and the Soviet Union rant about American imperialism, but no-one would come to Col Gadaffi's aid.

The same is not true of Syria. Soviet prestige is involved in the future of the Assad regime. Several thousand Soviet servicemen are based within Syria's borders and whatever Arab nations may think privately of President Assad they would find it difficult politically to stand aloof from him.

These factors have weighed heavily in the minds of those Western diplomats who argue that it is vital to maintain links with Syria. To a large extent they accept that progress towards a solution of the Palestinian issue cannot be achieved without drawing Syria to the negotiating table.

They point to the considerable influence that Syria exerts over factions of the Palestine Liberation Organisation, over the future of Lebanon and on the Gulf war through its links with Iran. Undoubtedly these people would have preferred the British Government to have stopped short of breaking diplomatic relations with Damascus.

Mrs Thatcher's successful visits both to Arab nations and earlier this year to Israel have also allowed her to act as something of a conduit and as a further channel of communication to President Reagan. It was not a major role and was developing against a background of worsening inter-Arab relations.

However, at a time of growing American disillusion with Middle East peace initiatives and further setbacks to the efforts of more moderate Arab nations, it was nonetheless a tiny glimmer of light. It did help, however marginally, to reassure men such as King Hussein of Jordan and President Murabak of Egypt that their sincere peace efforts were not being ignored internationally.

Against this backgorund, Britain's decision to break with Syria may take on additional weight. It is the clearest possible signal to Britain's Western allies and is likely to thrust Britain further towards the front line in the Middle East. The British Government may well have calculated that whatever action it took following the Hindawi verdict, Syria would have been certain to react more forcibly. To break diplomatic relations may have been to pre-empt Syrian action.

During the next few weeks Syrian radio will embark on a torrent of anti-British propaganda, identifying London with Israel and the US. Britain's message will be understood by some people in the region, but many others, fired by a far deeper sense of injustice, will only see that Mrs Thatcher has swung more firmly into the anti-Arab camp.

They will argue that Britain did nothing while Israel invaded Lebanon in 1982, despite the many Arab deaths and heavy destruction. Yet when one Arab is accused of trying to put a bomb on an Israeli aircraft, the reaction is 10 times more emphatic.

The gap in understanding seems certain to widen and once again it will be shown that the men of violence are enjoying a breadth of influence which their numbers should never permit.

Political judgment that put a country in the dock

MR JUSTICE Mars-Jones, summing up at the Old Bailey in the trial of Nezar Hindawi, the Jordanian who was sentenced yesterday to 45 years jail for attempting to place a bomb on an Israeli airliner, remarked that things had been said which "seem to implicate Syrian diplomatic and intelligence officers, as well as staff of Syrian Arab Airlines."

The judge said, however, that what Mr Hindawi had said "may be evidence against him, but it is not evidence against the Syrian Government. The Syrian Government are not in the dock."

He specifically told the jury that "your verdict will not make the slightest difference to the attitude of foreign powers or our own government."

Outside the confines of the British legal system, however, international relations are not as immune to such things as Mr Justice Mars-Jones may have wished the jury to believe. Indeed, without the aid of judge and jury, Mrs Margaret Thatcher and the British Government decided who they believed were pulling Hindawi's strings and what the correct response should be.

It is an issue which several governments over the years have faced, often against a background of strong domestic political pressures. In April, US aircraft bombed Libya in retaliation for Colonel Muammer Gadaffi's alleged involvement in the bombing earlier that month of a West Berlin night club frequented by American servicemen. Britain agreed to US F1-11 bombers flying from their British bases to carry out the raids.

There has been no lack of accusations about Syrian involvement in terrorist atrocities over the past few years. Syria has, however, consistently proclaimed its innocence and during the past fortnight the media in Damascus have carried a flood of official statements denying accusations that the government was implicated in the Hindawi case.

The Syrians claim the entire affair was masterminded by Mossad, the Israeli intelligence organisation, with the intention of embarrassing Damascus and harming its relations with western nations.

Shortly before the Old Bailey trial ended, Dr Loutof Allah Haydar, Syria's embassador to Britain, gave an account of what he says happened on Thursday, April 17, the day Hindawi duped his pregnant Irish girlfriend into carrying a bomb on board the El Al jet.

Dr Haydar said on that day he returned at about 12.20 pm to his embassy from a meeting of Arab ambassadors. He was told by a security man that a visitor was waiting for him who claimed to be the cousin of Mr Farouk al-Shara, the Syrian Foreign Minister.

The man carried a passport in the name of Issam al-Shara and the ambassador said it seemed to be valid. After a few minutes, however, Dr Haydar said his suspicions were aroused and he realised his visitor was an imposter.

"Mr al-Shara" then admitted he was short of money and wanted an airline ticket. The ambassador said he told him to get out of his office.

Before leaving the building, however, "Mr al-Shara" allegedly managed to persuade two lesser officials of his relationship to the Foreign Minister and they invited him home for a meal

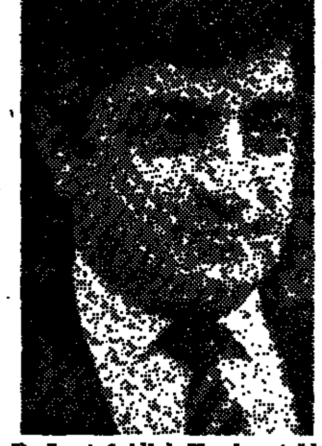
Dr Haydar said he learned of what had happened that night while hosting a reception to mark Syria's National Day. He immediately instructed his officials to have nothing more to do with "Mr al-Shara" and to call the police if he refused to leave their home.

According to the ambassador, it was not until he saw press photographs of Hindawi that he realised he was the man who had come to see him.

"On my first call at the Foreign Office after that I told them exactly what had happened, so that it was on the record. I did it as an act of honesty and as a gesture of good faith. There was no official suggestion at that point of Syrian involvement," said Dr Haydar.

The ambassador said however, that his suspicions of an anti-Syrian plot were aroused in the first few days after Hindawi's arrest when press stories appeared linking Syria to the attempted bombing. Also, Israel claimed to have intercepted a message sent to his embassy from Damascus telling him "to go ahead with the plan."

Roger Matthews on the Syrian account of the events that led to the country being found guilty along with Hindawi



Dr Loutof Allah Haydar: told to leave UK

Dr Haydar claimed it was ludicrous to believe that a terrorist would, immediately after committing his crime, go straight to see the ambassador of the country involved, especially when it would have been so much easier to take any flight out of Britain.

"There is no evidence against us, other than Hindawi's conflicting and contradictory accusations. Hindawi was not working for us. He might have thought he was working against the Israelis, but in fact he was working for them, probably through an Arab intermediary," said Dr Haydar.

"Deep in their heart, the Foreign Office knows we are innocent."

Deep in their hearts, the British security services came to an entirely different conclusion and advised Mrs Thatcher. Dr Haydar and Syria's entire diplomatic presence in London were found guilty with Hindawi.

Howe tells of 'conclusive evidence' of Hindawi links

BY TOM LYNCH

THE HOUSE OF Commons yesterday gave a warm welcome to the cutting of diplomatic links with Syria.

Sir Geoffrey Howe, the Foreign Secretary, in a statement on UK-Syrian relations, said there was "conclusive evidence of Syrian official involvement with Nazar Hindawi." He dismissed as "frankly incredible" Syrian claims that they had dealt with Hindawi as a bona fide journalist.

He said the Government had independent evidence that the Syrian Ambassador had been personally involved in securing Syrian intelligence sponsorship for Hindawi and "equally compelling evidence" that after his arrest, Hindawi had tried to contact Syrian intelligence officials to seek their help in securing his release.

He said the trial had heard evidence that Hindawi had spent time in Syrian Arab Airlines crew accommodation and had spent the night after the bombing attempt in Syrian Embassy accommodation "where his hair clippings and hair dye were found."

Sir Geoffrey said Hindawi had travelled on an official Syrian passport under a false name, had met the Syrian Ambassador in his embassy after the discovery of the bomb, and had had two visa applications backed by official Syrian Foreign Ministry notes.

"The whole House will be outraged by the Syrian role in this case. It is unacceptable that the Ambassador, members of his staff and the Syrian authorities in Damascus should be involved with a criminal like Hindawi," he said, to shouts of approval from MPs.

He insisted that the Government's action had been forced by the "unacceptable behaviour of the Syrian authorities" and

Howe: condemned Syrians

said the Government was informing its European allies and other friendly governments about the details of the case.

"We are impressing on them the wider security implications of the involvement of the Syrian authorities and are urging them to take appropriate supporting action," he said.

Mr Donald Anderson, a Labour foreign affairs spokesman, said: "the opposition enthusiastically applauds the sentence of the courts on this evil man and shares the Government's sense of outrage at the role of the Syrian authorities." It was "clearly unacceptable" that the Syrian Ambassador or his staff should remain in the UK if they were involved in the crime and he asked whether the Foreign Secretary was convinced of Syrian Government complicity at the highest level.

Mr Anderson said the UK's response would be weakened if it did not have the support of its allies, including the US, and he urged the Government to approach the Soviet Union with the evidence against Syria, in view of the Soviets' declarations of opposition to terrorism.

Sir Geoffrey said he had spelt out a series of matters pointing to the involvement of Syrian intelligence and the London embassy. "It is absurd and untenable to argue that a government is not responsible for the actions of its intelligence service and its ambassador."

He said the point had not yet been reached where a country affected by a terrorist incident could look forward confidently to securing a co-ordinated reponse from its allies. He promised to "take into account" Mr Anderson's suggestions that the Soviet Union be invited to take part in such a response.

He said the Government had made it clear that it held the Syrian government responsible for the safety of the 250 or so British nationals in Syria, a responsibility the Syrians had accepted.

Verdict puts pressure on Israel to take tough action

THE NEW Israeli Government headed by Mr Yitzhak Shamir, a hardliner on terrorism and Israeli-Arab relations, has been put in a most difficult quandary by the Hindawi conviction, **Andrew Whitley writes from Jerusalem.**

The evidence of Syrian complicity in Hindawi's plot to blow up an El-Al aircraft puts pressure on Israel to turn its tough language on state-backed terrorism into deeds.

But the question is whether, short of a military strike against Syrian targets in Lebanon, Israel can take effective action which will not provoke all-out war.

Last night Mr Ariel Sharon, the Industry and Trade Minister, was reported as saying that the British Government, especially Mrs Thatcher, had acted with courage and responsibility.

Mr Sharon, who was primarily responsible for Israel's three-year Lebanon war, was quoted by the state-run Israeli television as saying that Israel should seek "to remove all the terrorist headquarters from Egypt and Lebanon."

That dilemma was obviously being weighed carefully by officials in Jerusalem yesterday, as the Shamir Government took advantage of the Jewish weekend to consider its options.

Last May, Mr Yitzhak Rabin, the tough Defence Minister, warned that if conclusive proof were found of Syrian involvement in the attempt to smuggle explosives aboard the crowded Israeli airliner at London Airport, it might be forced to respond militarily.

Peter Bruce in Bonn writes: The West German Government appears to have headed off a visit to Bonn next week by the Syrian Foreign Minister to try to distance itself from Damascus.

The visit, announced suddenly by Damascus this week, would also be especially difficult for Bonn because Hindawi's brother, Ahmed Nawat Mansur Hasi, 35, goes on trial in West Berlin in three weeks, charged with bombing the German Arab Society offices there on Good Friday this year,

He is also a suspect in the bombing of the La Belle discotheque on April 20, which killed three people and injured more than 200.

Yesterday the Foreign Ministry in Bonn said efforts to arrange an autumn visit by Mr Farouk Al-Shara had been "unsuccessful." The two governments had agreed that a visit could take place after the West German general election on January 25, an official said.

David Housego writes: The British decision to break off diplomatic relations with Syria puts the Government of Mr Jacques Chirac in an embarrassing dilemma because of the widespread belief in France that either the Syrian regime or its secret services were involved in the recent terrorist attacks in Paris.

The French Government has no wish to follow Britain's lead because President Assad's regime is seen as a key element in France's Middle Eastern policy and, in French eyes, to maintaining peace in the Middle East. Only a fortnight ago Mr Jean-Bernard Raimond, the French Foreign Minister, spoke in favour of developing closer economic ties with Syria. More recently there have been press reports—officially denied—of arms negotiations.

Yesterday Mr Raimond left open France's position saying the British decision "would be the subject of an exchange of views" within the EEC. European governments foreshadowed in April a range of measures against countries supporting terrorist actions.

Robert Mauthner writes: Britain is looking to its European partners, the US and other Western allies for "supportive action" following the decision by the Government to break off diplomatic relations.

The European Community's Foreign Affairs Council in Luxembourg on Monday and Tuesday will provide the first opportunity for a discusion of such measures. However, officials made it clear that the British Government did not have a blueprint for the steps that its allies might take.

Britain plainly does not expect its allies to follow it down the road of breaking diplomatic relations with Syria. It does hope, on the other hand, that its European partners, in particular, will suspend or drastically reduce their high-level political contacts with Damascus.

Other suggestions being made in London include the recall of European Community ambassadors to their capitals for consultations and stricter controls of the operations of Syrian Arab Airlines. Officials stressed, however, that the request for supportive measures would be made in general terms and that it was up to individual countries to decide what specific steps should be taken.

Officials said that all Britain's allies had been fully informed of both the evidence produced in court and that gathered independently by the British security services on Syria's involvement in the attempt to blow up the Israeli airliner.

The independent investigations had been very thorough and Britain's allies had been informed that it was conclusive. The decision to break off diplomatic relations with Damascus had been carefully weighed, but in the end no other option was considered to be open.

OTHER OVERSEAS NEWS

Alfonsin threatens anti-strike decree

BY TIM COONE IN BUENOS AIRES

IN THE face of a rising wave of strike action and growing economic difficulties, the Argentinian Government has announced it may introduce limitations on the right to strike by government decree.

The Labour Minister, Mr Hugo Barrionuevo, after a long meeting with President Raoul Alfonsin on Thursday to discuss the latest series of strikes which have paralysed hospitals and disrupted train services, warned that if the Congress does not approve "immediately" a package of new labour legislation being proposed by the government, "the executive power will have to take measures to resolve the situation."

He said that the labour situation in the country is worrying the government and that a government decree to regulate strike action, especially those affecting essential services, may be necessary.

The Congress is due to go into recess at the end of October and already has a large backlog of legislative demands. Mr Caro Figueora, the under-secretary to Mr Barrionuevo, recently told foreign journalists that the government recognised it does not have an adequate majority to push through its labour reforms.

Next week another three-day strike is expected to paralyse the state-run hospitals in the capital and teachers throughout the country are to stage stoppages. University lecturers are planning strike action at the beginning of next month, also in pursuit of salary increases.

The General Confederation of Labour (CGT) is also mounting a series of one-day general strikes in cities throughout the country against the government's economic policy, which now seems likely to run into serious difficulties over government financing before the end of the year.

Chile holds seven over death attempt on Pinochet

BY MARY HELEN SPOONER IN SANTIAGO

CHILEAN authorities say they have arrested five suspects in the September 7 assassination attempt against General Augusto Pinochet, and are holding two more men accused of indirect participation in the attack.

The suspects allegedly took part in the attack on the presidential motorcade near General Pinochet's country retreat outside Santiago, killing five bodyguards.

A regime spokesman, speaking on national television on Thursday evening, said the five men had been arrested by Chile's civilian detective police and had confessed to the attack. Chilean authorities believe that a total of 21 guerrillas took part in the ambush, the first recorded assassination attempt against a head of state in the country's history.

The five men charged with firing on the motorcade were to be turned over to the ad hoc military judge investigating the attack. Chilean authorities have also announced pending arrest warrants for more than 40 other suspects in the case.

They have linked the assassination attempt to the discovery of massive weapons caches in northern Chile two months ago. The arms, which included more than 3,000 M16 rifles, were valued at more than $10m.

Basque factions square up in rival demonstrations

BY DAVID WHITE IN SAN SEBASTIAN

MODERATE and extremist Basque nationalists measure up against each other today with rival demonstrations in Vitoria, the regional capital, and Bilbao.

The demonstrations — by moderates against the kidnapping by the terror group Eta of a local industrialist, and by extremists calling on Madrid to negotiate with Eta — come five weeks before regional elections.

They also coincide with the seventh anniversary of the Basque Statute of Autonomy, which was rejected by Eta and by its supporters in the Herri Batasuna (United People) party.

The Basque Nationalist Party (PNV), which has until now run the Basque government, is calling for the release of Mr Lucio Aguinagalde, 69, a party militant who was once jailed under General Francisco Franco and who was kidnapped in Vitoria last week after refusing to pay extortion money to Eta.

The demonstration is backed by the Socialist Party, the other main party in the region, and by the non-violent left-wing party Euskadiko Ezkerra.

The PNV, keen to rally moderate opinion after the split in its ranks which led to the snap election, turned down a request from Herri Batasuna to put off its protest.

US urges increase in oil stocks

By Lucy Kellaway

MR JOHN Herrington, US Energy Secretary, yesterday called on all governments in the Organisation for Economic Co-operation and Development to build up their stocks of oil to prevent a repeat of the 1979 "international scramble for oil."

Speaking in London at a conference organised by the International Herald Tribune, he said the US planned to increase its strategic reserves from 500m to 750m barrels. This would allow it to put 3m to 4m barrels of oil a day onto the market at short notice, compared with 2.5m b/d.

Mr Kilwanu Lukman, Nigeria's Oil Minister and president of the Organisation of Petroleum Exporting Countries, said Opec would set up an independent body to make sure members did not cheat on the 17m barrels a day collective production ceiling agreed in Geneva earlier

The free-market oil policies of the UK were attacked by the Opec president, who nevertheless said: "I believe it is not too late to welcome the UK abroad in the quest of a rational oil policy."

Mr Arne Oien, Norwegian Energy Minister, welcomed the Opec agreement on quotas as an "important step towards stabilisation of prices."

Benedetti fires Cerus chairman

BY ALAN FRIEDMAN IN MILAN

Mr Carlo De Benedetti last night dismissed the chairman of Cerus, his French holding company, for agreeing to drop its bid for control of Presses de la Cité, the second-largest French publishing group allowing Sir James Goldsmith to proceed with his rival bid.

In Milan last night, an aide to Mr De Benedetti said Mr Claude Pierre-Brossolette, the Cerus chairman, had acted against the Italian entrepreneur's wishes and without consulting him.

Mr Pierre-Brossolette on Thursday agreed with Sir James Goldsmith's Générale Occidentale group to drop the bid which Cerus and Pechelbronn, a holding company of Groupe Worms, have been pursuing for more than a month.

Under the agreement the Cerus-Worms consortium would hold its share stake at the 22.5 per cent it had built up on the Paris market. This leaves the way clear for Sir James Goldsmith to pursue his bid to acquire 55 per cent of Presses de la Cité unless there is a new bidder.

The Cerus-Worms' share stake will probably be sold later because Mr De Benedetti is not in the habit of taking minority holdings.

An aide said: "We wanted management control and Mr Pierre-Brossolette went against our wishes without even checking with us." Mr Pierre-Brossolette would be handing in his resignation this weekend.

Mr De Benedetti will take over as chairman of Cerus, the French holding company formed six months ago which also has management control of Valeo, the French car components group.

Mr De Benedetti was attracted by Presses de la Cite because of the group's strong turnaround potential. The publishing company reported first-half net profits this year of FFr 54.4m (£5.85m) on sales of FFr 1.6bn compared with profits of FFr 41.5m on sales of FFr 1.5bn in the same period last year.

Mr De Benedetti's anger was clear in a statement leaked yesterday to an Italian newspaper, in which an aide described the deal as "unsatisfactory in that it deprives us of any management power."

French MPs vote to change elections

THE FRENCH parliament yesterday approved a controversial bill redrawing the country's electoral map which President Francois Mitterrand had rejected earlier this month, Reuter reports from Paris.

The bill abolishes the system of proportional representation used in the March general elections and returns to the majority vote. It also redraws constituency boundaries.

Opponents of the bill, in particular the Communist Party and the right-wing National Front, say the new map is weighted in favour of Prime Minister Jacques Chirac's RPR party.

Socialists, including the president, have also expressed reservations. The party did not call a vote of confidence over the bill, however, promising instead to appeal to the Constitutional Council, the country's highest watchdog body.

Mr Mitterrand, often at odds with Prime Minister Chirac, said on October 2 he would not sign the Government's decree on the new electoral system, and that it should go through full parliamentary procedure. It passed unchanged.

Mr Mitterrand has no right of veto over the bill, once it is passed by both chambers of parliament, though he could delay it passing into law by asking parliament to consider it again.

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Malaysia cuts spending as growth declines

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA FACES poor economic prospects for the next few years and expects a growth rate of 1 per cent for 1987, Mr Daim Zainuddin, Finance Minister, told parliament in his budget speech yesterday.

The budget for 1987 has been cut by 6 per cent to 26.8bn ringgit (£7bn) which would create an overall deficit of 8.84bn ringgit, and a current account deficit of 2.7bn ringgit.

There are big cuts in housing, health, and communications. Defence and internal security are left largely untouched, however, because their development spending had been drastically trimmed during the past three years.

During the 1970s and early 1980s, Malaysia enjoyed an annual growth rate of 7.5 per cent, but it plunged into recession in 1985, with a −1.5 per cent growth, following the collapse of prices of its export commodities, oil, rubber, tin, timber and palm oil.

To narrow the budget's current account deficit, Mr Daim announced cuts in the perks and allowances of the country's 1m public sector employees, which is expected to save at least 1bn ringgit.

He also said the government's privatisation programme would be stepped up, and offered to lease the loss-making railways to any private company for a nominal sum of one ringgit.

There were no big tax increases except on cigarettes and liquor. Small concessions were provided to companies, particularly those in the export sector.

Machel's body laid in state in Maputo

BY VICTOR MALLET IN MAPUTO

THE BODY of Mozambiquan President Samora Machel, who was killed in an air crash in South Africa last weekend, lay in state in Maputo yesterday, amid tight security and continued controversy about the causes of the disaster.

Soldiers with rocket propelled grenades stood guard *against possible attacks by* right wing rebels as Mr Machel's heavy wooden coffin was towed through the streets on a gun carriage by an armoured personnel carrier.

Members of the Politburo, Mr Machel's widow Graça, weeping relatives, and former Tanzanian President Julius Nyerere, all dripping with sweat in the heat, filed past the coffin in the grandiose Portuguese built City Hall overlooking the port.

Members of the public will also be paying their respects to Mr Machel, who remained personally popular with Mozambiquans despite some dissatisfaction with the performance of his government.

Mr Machel's body was badly mutilated in the crash and only the sealed coffin is on display. His khaki cap and his medals are on show and a huge portrait of the guerrilla turned president adorns the front of the City Hall, as it did in his lifetime.

Residents of Maputo have remarked that the rity is running much as usual following Mr Machel's sudden death, and the Government so far appears *keen to emphasise* that the pragmatic foreign policy followed by Mr Machel in recent years will continoe.

Maputo, suffering like *the* rest of the country from the effects of 10 years of guerrilla warfare by the Mozambique National Resistance (MNR), is short of food, accommodation and transport. Citizens have been asked to help with cars and housing and the international delegation expected for the funeral on Tuesday have been told to base themselves in neighbouring Zimbabwe or limit the number of mourners.

Leaders from South Africa, accused by other Front Line states of shooting down or sabotaging President Machel's plane, will not be attending the funeral, South African officials in Maputo say.

S. African mines likely to reach wage settlement

By Jim Jones in Johannesburg

SOUTH AFRICA'S all-black National Union of Mineworkers and four mining houses are ex*pected to settle* a four-month-old wage dispute today or on Monday. It had threatened to turn into a strike.

The NUM was yesterday waiting for final details of pay increases from four mining houses represented in pay talks by the *Chamber of Mines.*

Settlement was made possible because the union lowered its demand for a 26 per cent across-the-board wage increase to 24 per cent. The four chamber members — Anglo American, JCI, Gencor and the gold division of Rand Mines—raised their wage offer by half a point to give black miners increases ranging from 19.5 per cent to 23.5 per cent.

The two sides are expected to reach agreement on fringe benefits and guarantees that injured workers would not lose wages.

Anglovaal and Gold Fields of South Africa, which is controlled by Consolidated Gold Fields, refused to take part in pay talks which followed the increases of between 15 per cent and 20 per cent implemented unilaterally by the employers on July 1 and the declaration of a dispute by the NUM early in July.

Philippine loan

THE International Monetary Fund (IMF) yesterday approved a 422.1m SDR (£358.3m) loan package to assist economic reform in the *Philippines.*

The fund said 198m SDRs would be provided over the next 18 months under a standby arrangement and the remainder would come from its compensatory financing facility.

Donors pledge $180m to Beira corridor

By Quentin Peel in Brussels

INTERNATIONAL donors have pledged $180m (£128m) *towards the cost of upgrading* and repairing the key strategic transport routes in Mozambique's Beira corridor.

The railway, road and oil pipeline from Zimbabwe to the port of Beira on the Indian Ocean make the corridor a *vital* alternative to transport routes through white-ruled South Africa from Zambia, Zaire, Zimbabwe and Malawi.

Donors gathered in Brussels yesterday to back the plans put forward by the Mozambique Government and the transport arm of the Southern African Development Co-ordination Conference (SADCC).

The conference was to have been chaired by Mr Alcantara Santos, Mozambiques Transport Minister, but he was killed in *an aircraft crash* with President Samora Machel on Sunday night.

Mr Rui Fonseca, executive director of the Beira Corridor Authority, said the rehabilitation plans for the transport routes would allow Beira to handle the extra 1m tonnes a year which would be diverted if South Africa closed its borders.

He said the rail and road links handled 3,000 tonnes of goods a day. By early 1987 this *would be up to 5,000 tonnes* and 7,000-8,000 tonnes by the middle of next year.

Donors include the EEC ($45m), the Netherlands (*$10m* a year over five years), Sweden $27m), Denmark ($17m) and *Norway* ($14m). Italy has already contributed $50m to this and other projects.

Bombay exchange closed

BY R. C MURTHY IN BOMBAY

TRADING on the Bombay Stock Exchange, India's main exchange, came to a standstill for the second day on Friday after brokers refused to do business in *protest against searches* by the income tax authorities.

Bombay stock exchange, with a market capitalisation of nearly 175bn rupees (£10bn) represents more than 80 per cent of all listed shares in the country in terms of market capitalisation. Trading in most scrips has to be against cash and transactions can be carried forward from one fortnightly settlement to another only in 65 actively traded shares.

More than 500 income tax personnel visited the homes and offices of 22 prominent brokers on Wednesday and seized cash, jewellery and unaccounted share certificates worth 25m rupees. The taxmen are yet to check some 60 bank lockers and several sealed offices

Mr U. P. Singh, deputy director of inspection of income tax, says it will take a week to complete the operation, which is *expected to give* an idea of unacounted trading on the stock exchange.

The Indian Government has launched a drive on tax evasion, and stock exchanges have been identified as one of the chief sources of what is called "black" unaccounted money. The average daily turnover recorded in the 65 actively traded shares on the Bombay exchange is 120m rupees and unacounted transactions are estimated an additional 20 per cent-30 per cent.

Building societies hit at SIB on marketing

By Hugo Dixon

THE Building Societies Associa*tion has attacked the Securities* and Investments Board's rules on the marketing of life assurance and other related investment products as "absurd" and "schizophrenic."

The criticisms follow similar criticisms by the banks last week and centre on the concept of polarisation. This key element in the SIB's rules would require firms either to sell the products of one investment company (and tell their clients whom they are acting for) or to be *genuinely independent* intermediaries offering a range of products.

They would not be able to *take a middle position, offering* a range of products but hard-selling their own. To prove their independence, they would *be able to recommend their* own products only if they had good and positive reasons for doing so. Being able to show *that* their products were no worse than what was on offer elsewhere would not be good enough.

Building societies should be exempt from this principle, says the BSA, because they have a high reputation and it *would not be in their interests* to give bad advice. The SIB says it is not querying the high reputation of the building *society industry, but that any* sector of the investment industry, however reputable, would have the tendency to cut corners if *times* got bad.

The BSA has also objected to the SIB's rule that firms choosing to be independent intermediaries *in* one investment product must be independent in all products. It suggests that building societies should be allowed, for example, to take the independent route for life insurance but sell only one company's unit trusts or pension plans.

Mr Martin Vile, one of the SIB's directors, says pensions, unit trusts and life insurance are being sold through the same channels. So the independence of a society which plugged only one type of untt trust would be in question when it came to selling life insurance, even if it was offering a range of products.

However, building societies will be able to be independent for some products and not for others, says Mr Vile, if they set up separate subsidiaries for each product.

BT to manage communications networks

By David Thomas

BRITISH TELECOM *is entering* the market of managing other companies' communications networks.

The market, which is relatively new in the UK but on one estimate could be worth £50m by the 1990s, is already fiercely contested. *BT's rivals* include some computer makers and some foreign specialist companies.

British Telecom is determined to enter new markets following its privatisation and the liberalisation of telecommunications.

Previously, BT has managed some private international networks, and some private computer systems in Britain.

It has now set up a division to design, install, commission, operate and manage private voice and data networks in Britain. This is know as third-party communications facilities management.

The division has won its first contract, to help British Aerospace manage its corporate data network.

Hoare Govett in underwriting syndicate move

BY HUGO DIXON

HOARE GOVETT, the London stockbroker owned by US bank Security Pacific, has put together a syndicate that will enable it to underwrite large equity issues after Monday's Big Bang, reflecting stockbrokers' attempts to enter underwriting on equal terms with merchant banks, which have traditionally monopolised the business.

The syndicate consists of the *insurance companies* Legal & General Insurance, the Norwich Union Life Assurance Society, the Prudential Assurance Company, *Royal Insurance* and Standard Life. Hoare Govett itself will take a small but undisclosed share.

It will operate on two levels. Hoare Govett will have complete discretion of underwriting sums up to several hundred million pounds, although no exact figures have been released. After consulting with its partners, it will be able to underwrite much larger sums.

In return for joining the syndicate, the insurance companies will get a share of the underwriting commission in proportion to their exposure, although Hoare Govett will keep the whole management commission. However, if there is a loss, Hoare Govett will be responsible for picking up an initial slice, after which losses will be shared proprotionately.

Last month Cazenove, London's last main independent stockbroker, announced a similar deal arranged with a virtually identical syndicate. It had to take this innovative step because it lacked a capital-rich parent company to lean on.

Hoare Govett was in a similar position, as the US Glass-Steagall Act prevents commercial banks such as Security Pacific from entering into any international *underwriting commitment* for equities in excess of $2m (£1.415m). By operating through a syndicate, it should *be able to bypass this restriction.*

Hoare Govett's share in the syndicate, although small, is *greater than the $2m limit imposed* by Glass-Steagall would imply. It has done this by having eight separately-capital*ised companies, each of which* will take $2m.

Hoare Govett's way of bypassing the restrictions raises *the possibility that other* brokers—owned by US commercial banks — may follow a similar route.

● *Brown Shipley, the merchant* bank, yesterday announced a provisional agreement to acquire Stirling Hendry, a firm *of stockbrokers with offices in* Glasgow and Dundee, for £4m, and the proposed acquisition for £527,000 of Leicester-based stockbroker Wilshere, Baldwin.

Car buyer loses court fight over breakdown

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A CAR buyer whose new Nissan Laurel broke down within three weeks of delivery with less than 150 miles on the clock was not entitled to get back the £8,000 he paid for it, a High Court judge ruled in a test case yesterday.

Mr Justice Rougier said that, although the car had been delivered with a defect that meant it was not of merchantable quality, Mr Leslie Bernstein had not rejected it soon enough. His claim must therefore be limited to one of damages for breach of the manufacturer's warranty.

Mr Bernstein, who will get the £6,000 the car fetched on resale, was awarded £238 damages and his legal costs against Pamsons Motors, the Nissan dealer from which he bought the car. He is to consider an appeal.

The car broke down when a piece of sealant which had got in during manufacture blocked the oil flow to the camshaft.

The Automobile Association, which had backed Mr Bernstein, said afterwards the judge had given car buyers helpful guidelines on what made a car of merchantable quality; but the ruling that Mr Bernstein had not rejected the car soon enough was unreasonable.

The judge said the concept of merchantable quality was giving trouble to the motor trade. The 1979 Sale of Goods Act provided that goods were of merchantable quality "if they are as fit for the purpose . . . for which (they) . . . are commonly bought as is reasonably to be expected."

The judge said no system of mass production could ever be *perfect and the buyer of a new* car had to expect teething troubles. Even so the defect in Mr Bernstein's car, although *repairable, went far beyond* what a buyer must expect.

The judge was influenced by two factors. One was safety. "I do not think it was by any means fanciful to suggest that, when the camshaft began to seize up, a situation of considerable potential danger had arisen."

Secondly, he said, the breakdown had been serious.

Carlisle to quit Commons at election

By Peter Riddell, Political Editor

MR MARK CARLISLE, the *former Education Secretary*, last night became the 38th Conservative MP and eighth former member of Mrs Thatcher's Cabinet to announce his retirement from Parliament at the next general election.

He told his local Conservative Association in Warrington South that he intended to stand down at the next election for purely *personal reasons and with considerable* regret.

Mr Carlisle, 57, a barrister, has been an MP since 1964. He had a majority of nearly 6,500 over Labour at the general election in 1983.

His departure emphasises the recent flood of similar announcements by senior Tory MPs, particularly those by former ministers. These include Mr James Prior and Mr Patrick Jenkin, who said they wanted to pursue business careers. Mr Francis Pym and Sir Keith Joseph said they saw no future at their ages in staying on.

Among ministers Mrs Thatcher has dropped the most prominent former members of the Cabinet intending to stand again are Sir Ian Gilmour and Mr David Howell and the two Westland affair casualties Mr Michael Heseltine and Mr Leon Brittan.

In total eight former members of Mrs Thatcher's Cabinet are not standing again, with two members of Mr Edward Heath's Cabinet, Mr Geoffrey Rippon and Mr Peter Thomas, and seven other current or former ministers.

Policy on BBC under attack

By Our Political Editor

THE GOVERNMENT's attitude towards the BBC was *yesterday* strongly criticised by leading Opposition politicians as Conservative Central Office denied any interference in the recent libel case about a Panorama programme.

Mr Gerald Kaufman, Shadow Home Secretary, last night told a Lancashire meeting: "The political intimidation of the BBC is now reaching disturbing dimensions.

"We have now reached a situation in which Mr Norman Tebbit *and* his Tory Party muscle-men *no* longer need to lean on the BBC," because their pressure had already unnerved it. *The status and independence* of the corporation was in jeopardy, he said.

However, Mr David Mitchell, of Conservative Central Office, said yesterday: "At no time have I suggested to anybody that any possible evidence in respect of the Panorama programme of January 30 1984 should be suppressed or altered."

Court challenged on Labour executive's choice for Knowsley

FINANCIAL TIMES REPORTER

LABOUR PARTY *leaders* in Knowsley North are to take fresh legal action against the party's national executive in an attempt to replace the executive's chosen candidate in the forthcoming by-election.

Mr George Howarth was chosen by Labour's executive to replace, in turn, Mr Les Huckfield, the Euro MP chosen by *the left-dominated* party leadership in Knowsley.

The High Court earlier refused an injunction blocking the executive's decision, but last night Ms Louise Christian, the constituency party's London-based solicitor, said it would be seeking a full trial of the action in the High Court immediately.

She said: "This will simply be *a claim about whether the* NEC has acted lawfully and had the power to exclude Mr Huckfield and impose Mr Howarth *as candidate.*"

As the by-election campaigns opened yesterday, Mr Robin Cook, Labour's campaign coordinator, gave a warning of "a bag of dirty tricks" from the Liberals, concentrating on the personalities involved rather than the issues affecting electors.

A Liberal official said: "We *don't know what we are supposed* to have done, but allegations of dirty tricks are totally groundless. For Labour to raise *this as an issue straight away* shows how bereft of ideas they are."

The Liberals yesterday completed their fifth leaflet drop of all 30,000 homes in the constituency. Leafletting started soon after their candidate, Ms *Rosemary Cooper, was selected* following Labour MP Mr Robert Kilroy-Silk's announcement of his departure in July.

Two busloads of Liberal-SDP volunteers, one from Birmingham and Coventry and the *other from Berkshire, had* already turned up. The official said: "After our showing in the Newcastle by-election, our supporters believe we can win. We see this as Labour's Crosby."

Crosby—an equally "safe" Conservative seat—was won by Mrs Shirley Williams for the SDP in November 1981.

Mr David Steel, the Liberal leader, launched the party's campaign yesterday. His tour of the constituency included a visit to Knowsley Safari Park, which is in the grounds of Knowsley Hall, ancestral home of the earls of Derby.

Mr George Howarth, the Labour candidate imposed by the party's national executive, claimed yesterday he had widespread support from within the constituency in spite of the objections of the local labour party, which is expected to meet on Sunday night to decide whether to support him.

Mr Howarth said: "In the last 24 hours we have had many *messages of support from long* standing and senior party members in the constituency."

He said Knowsley Park, the ward which had backed him in the constituency selection process, contained half the individual members of the constituency party. He said they would give him their absolute committed support throughout the campaign.

Labour accuses Thatcher of causing spending spree

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE Government was yesterday accused by the Labour Party of seriously damaging Britain's trade and industrial performance by *engineering a* pre-election consumer spending spree comparable to the so-called Barber Boom of the early 1970s.

Mr Tony Blair, Labour's Treasury spokesman, said in a *speech at Newcastle University* that figures published this week for Britain's consumer spending and trade in the third *quarter of this year showed an* alarming deterioration in the economy.

An analysis of the trade figures showed imports of consumer goods were up a "staggering 25 per cent" in the three months to September *compared with the same period* a year ago, Mr Blair said. Even compared with the previous three months, consumer imports were 12 per cent higher.

At the same time official figures for consumer spending over the same period showed that it was rising at an annual 5 per cent, a volume increase that brought back memories of the Barber Boom of the 1970s.

The detailed breakdown of the trade figures also showed that the main import penetration was coming not from developing countries but from Europe, the US and Japan. Overall imports from these countries in the third-quarter were 9 per cent higher than a year ago, but exports fell to 9 per cent.

Print groups sale hopes

BY MIKE SMITH

THE RECEIVER called in by Garrod and Lofthouse, printer of The Economist and of the covers for the Sunday Times magazine, said yesterday he had received three offers for the business.

Mr Keith Goodman, of *Leonard Curtis*, a London accountancy firm, said he hoped to be able to sell the company as a going concern. "The *encouragement I have been* given from the management, staff, unions and customers means this might be possible."

Mr Goodman was called in on Thursday following the failure of a management package to deal with the problems caused by the loss of three big contracts, *including* that for printing the Economist which will be terminated soon.

Garrod and Lofthouse began trading in *1952* under Mr Norman Garrod, the present chairman. Its subsidiaries, which include Record Business Publications, Theatreprint and Pitkin Pictorials, make birthday cards, theatre programmes posters and record covers as well as magazines.

In recent years Garrod has been hit by the trend for printing to be concentrated in larger companies. Annual turnover at the privately owned group has fallen from £17m in 1983 to £12m.

Boost for English wine-growers

BY ANDREW TAYLOR

IT LOOKS like being a good if not a great year for English wine. The grape harvest in hundreds of tiny vineyards, *ranging from two acres to 50* acres across the south of England is in full swing and looks like being 30 to 50 per *cent higher* than *last year.*

The late summer sunshine in September has boosted the sugar content of the fruit and English wine growers are hoping for a good vintage to match the bigger crop after last year's disappointingly low harvest.

A survey conducted by agriculture officials two years ago showed there were more than *1,000 acres of commercial vine*yards in England, producing up to 3m bottles of wine a year.

This may be no more than a French or German village may produce in a good year; none the less English wine is growing in reputation and not just on novelty or patriotic grounds.

English wines are stocked by most major supermarkets. St George's English Wines, owned by Mrs Gay Biddlecombe at Heathfield, East Sussex, includes Mitsukoshi stores group in Japan and Continental Airways of the US among its customers.

Mrs Biddlecombe said yester*day: "This year's harvest looks* like being around 50 per cent up on last year's which produced an excellent vintage but was a *low crop as a result of* the poor summer. We are hoping that this year's quality will be just as good if not *slightly better than last year.*"

Mr Rodney Pratt, a commodity broker in the City who owns the five acre Bookers Vineyard at Bolney Sussex, says: "This year's crop is looking very good and sugar levels are up on last year although our tonnage will be less due to replanting. We are very satisfied and just hope the weather holds this weekend when picking starts."

Hugo Dixon analyses the reasons for the building societies' decision to increase their margins

Soaring demand for mortgages behind rise in rates

THIS WEEK'S rises in mort*gage rates, which ranged from* 1.25 to 1.5 percentage points, raise three questions.

Why have financial institutions chosen to increase the margin between the rate at which they borrow and the rate at which they lend? Why have mortgage rates gone up by more than last week's 1 percentage point base rate increase? *And* has the building societies' interest rate cartel, which used to fix mortgage rates, really vanished?

Almost all building societies have increased the interest rate paid to investors by 0.75 percentage points. As this is a net rate and mortgage rates are gross, those societies that increased mortgage rates by 1.25 percentage points have widened their margins by 0.25 percentage points.

The main reason given is that increased competition in the mortgage market, both among building societies and between building societies and banks, has been squeezing margins and so profitability from both ends.

In the spring, the premium of 0.5 percentage points which lending institutions charged for endowment mortgages was abolished. Over the summer, many building societies found it difficult to satisfy record mortgage demand and increased their rates to savers to attract more funds.

Competition was so fierce that some societies may even have operated on negative margins for short periods. The situation could not go on, building societies explain, and margins had to be widened.

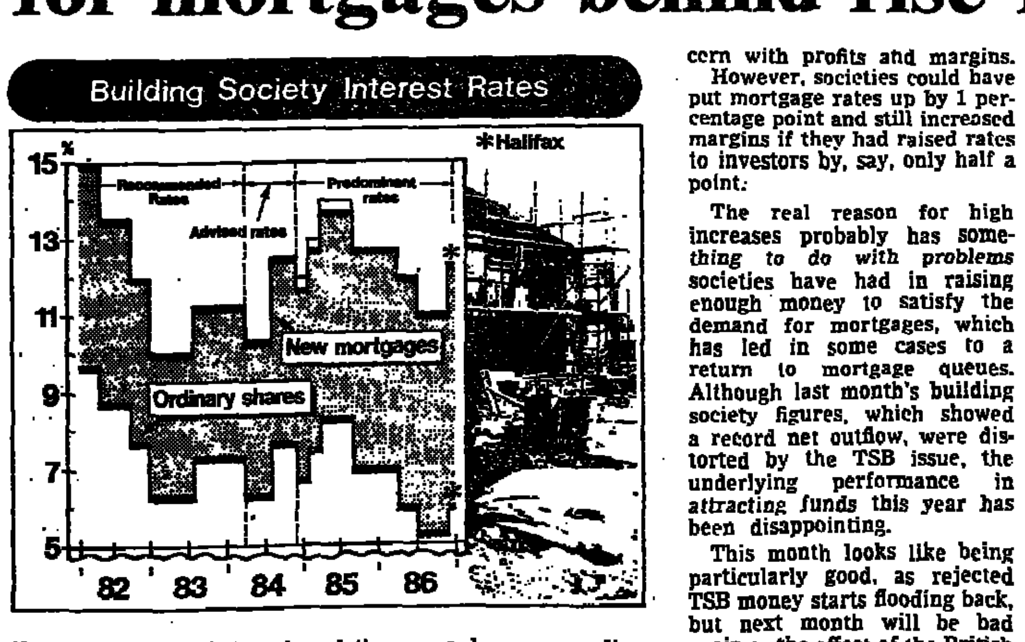
The Abbey National, which increased its margins by 0.325 *percentage points (more* than most), said it was not simply restoring margins to where they had been, but preparing for likely upward pressure on savings rates before the next base rate increase.

This concern with profitability is slightly unusual for building societies. As mutual societies, they have traditionally been concerned with profitability only to the extent that they had to have sufficient reserves to maintain confidence. Their driving force has been asset growth.

All this is changing. Under *the Building Societies Act* 1986, which comes into effect in January, societies will be able to engage in a wide range of new businesses. *They will also* be able to convert from mutual societies to public companies from 1988.

For those thinking of becoming public companies (the Abbey seems the most likely candidate), profitability is an obvious concern. But the attitude of those who wish to retain their mutual status is also swinging away from asset growth.

The new and in many cases unarticulated driving force for these societies is to offer both borrowers and investors a better and more comprehensive service. However, the capital adequacy rules being drawn up by the Building Societies Commission are likely to require societies to increase their capital before they can diversifv into new areas. Hence the concern with profits and margins.



The Building Societies Association ceased recommending interest rates in October 1983. It gave advisory rates until November 1984, when this practice ended. It has since given predominant rates.

However, societies could have put mortgage rates up by 1 percentage point and still increased margins if they had raised rates to investors by, say, only half a point.

The real reason for high increases probably has some*thing to do with problems* societies have had in raising enough money to satisfy the demand for mortgages, which has led in some cases to a return to mortgage queues. Although last month's building society figures, which showed a record net outflow, were distorted by the TSB issue, the underlying performance in *attracting funds* this year has been disappointing.

This month looks like being particularly good, as rejected TSB money starts flooding back, but next month will be bad again as the effect of the British Gas flotation starts being felt. An increase in the whole structure of interest rates should help by choking off some of the *mortgage demand and attracting* more savings.

Some building societies say that the recent round of rate increases are a proof that the interest rate cartel is buried.

Mr Peter Birch, chief executive of the Abbey National, said as much when his society topped the Halifax's increase by one-eighth of a point. Whe nthe Leeds Permanent Building Society topped the Halifax rate by one-tenth of a point, its chief general manager, Mr Peter Hemingway, said this "demonstrate sthe free-market forces operating in the personal finance area."

There are two qualifications to this view. First, there has been a range in the rates leading building societies have charged in the past and one-*eighth of a point is hardly* massive.

Secondly, the vast majority of building societies have still chosen to follow the Halifax and none has dared to undercut it.

At one point, it looked as if the National and Provincial Building Society, one of the top 10, might. Early in the week its senior general manager, Mr Terry Carroll, said: "We are surprised at both the size and the timing of the proposed 1.25 percentage morgage rate increase."

From his society's point of *view, there was no justification* in such an increase.

Yesterday, however, the N and P went ahead and increased its rate by 1.25 percentage points. The only concession to the earlier bold announcements was a decision to *increase the* rate to first-time buyers by only one point. The old habits still seem to be there.

Saatchi to keep Bates as separate agency

By Feona McEwan

SAATCHI & SAATCHI, the world's largest advertising agency group, has decided not to merge its main operation—Saatchi & Saatchi Compton—with its recent controversial acquisition, Ted Bates, which was the world's third biggest agency.

The decision to leave the two global networks apart comes after a turbulent few months since the deal, which saw the Saatchi share price sink to a yearly low, several important clients leave and others grow restless.

The acquisition of Bates in May was, at $450m (£315m) Saatchi's costliest takeover in its ten-year history of acquisition and was probably its biggest gamble yet. While it catapulted them into the coveted number one spot, giving them three autonomous international advertising networks, it brought them unwanted attention, as blue chip clients headed for the door, driven by fear of account conflict. Procter & Gamble, Colgate Palmolive, Warner Lambert and General Foods were among the main departures.

According to James Capel, the stockbrokers business losses by the Saatchi group worldwide between May and September amount to about $362m. New business wins in the same period were about $295m leaving a net loss of around $67m. In the past month, wins amounted to at least $60m (including Nabisco and Renault) and losses around $30m.

While the Saatchis will certainly have anticipated fall-out to some degree following the merger, and are known to have considered a number of options of structuring their triplicate network, one of which was merging Saatchi and Bates, subsequent unrest has persuaded them to keep the status quo.

The third Saatchi strand, Dorland DFS, embryonic network centred in London and New York, will remain unchanged.

Views sought on VAT reform to aid small traders

BY RICHARD EVANS

A PACKAGE of proposals on value-added tax, aimed at helping small businesses by reducing the burden of accounting and record-keeping, was announced yesterday by the Board of Customs and Excise.

A consultation period will run to December 31 so that were the proposals widely accepted legislation could be included in the Finance Bill 1987. The key elements are:

- To allow annual VAT returns instead of quarterly returns as now.
- To allow accounting for VAT in cash instead of on invoices. This would allow businesses with an annual turnover below £100,000 to account for VAT on the basis of cash received and paid out: traders would not have to account for VAT until paid by customers and could not reclaim VAT until they had paid suppliers.
- Changes to registration and deregistration rules. These would allow more time for notifications of liability to register for VAT.

It is suggested that, to release about 250,000 traders from the VAT system altogether and to cut administrative demands, traders with turnover below the registration limit must deregister.

- Improvements to retailers' special, simplified schemes: the nine existing schemes' workings and scope have been reviewed to improve and simplify operation and make them more widely available.

To make annual returns traders would be sent an annual assessment of expected tax liability for the current year based on their previous year's VAT payments; this total would be divided by 10.

Nine monthly payments would be made by direct debit, followed by a 10th payment, to balance the account, with an annual return: traders would have two months to prepare the return and make final payment.

Comments on the Customs and Excise proposals should be sent to Mr David Brampton, Customs and Excise, Room 322, Knollys House, Byward Street, London EC3R 5AY.

Sir Kenneth Durham: will assist chairman

Durham to take senior BAe post

By Michael Donne, Aerospace Correspondent

SIR KENNETH DURHAM, 62, a non-executive director since 1980 of British Aerospace, the aircraft, missiles and space group, has been appointed a deputy chairman of the group from next Friday.

He will assist the chairman, Sir Austin Pearce, 65, until Sir Austin retires from the company, possibly some time next year. However, Sir Kenneth will not necessarily take over as chairman.

Sir Raymond Lygo, 62, chief executive, will remain in that post. The board of BAe is understood to prefer to keep the roles of chairman and chief executive separate.

Sir Kenneth is chairman of Unilever and a governor of the London Business School.

Sir Austin has been a BAe director since 1977 and chairman since 1980. He is also a director of Pearl Assurance and a vice-chairman of the Royal Bank of Scotland.

For last year BAe earned pretax profits of £150m on a turnover of nearly £2.65bn, with outstanding orders of just over £5bn.

Strasbourg court upholds Customs seizure practice

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE GOVERNMENT has defeated in the European Court of Human Rights in Strasbourg a challenge by a West German company to the powers of the Customs and Excise.

Allgemeine Gold-und Silberscheideanstalt (AGOSI), a Pforzheim metal smelter and dealer in gold and silver coins, had complained that the Customs had refused to return £120,000 of Krugerrands, allegedly defrauded from AGOSI, which were seized by Customs officers when they were smuggled into Britain.

AGOSI said it had been deprived of its property in breach of Article 1 of Protocol 1 of the European Human Rights Convention, which protects property rights.

The company also complained that English law did not allow it to establish its ownership of the coins and its right to get them back.

By a 6-1 majority the court rejected the complaint—reversing a ruling in AGOSI's favour by the European Human Rights Commission last year.

It had been open to AGOSI to challenge by way of judicial review the Customs' exercise of its discretion whether to return seized property.

However, AGOSI, had chosen not to seek judicial review.

Rail link for Manchester airport

MANCHESTER AIRPORT'S "missing link"—direct rail connections with the conurbations of the north-west—will be provided within three years, it was agreed yesterday.

A £15m railway line will link the airport with Manchester Piccadilly station, a 20-minutes journey. Apart from a local shuttle, hourly services from Liverpool and Blackpool will be routed directly through Piccadilly, with a train from there to the airport every 20 minutes.

Half the cost will be met by British Rail and the rest by Greater Manchester Passenger Transport Authority and the airport company.

DEALINGS

From Page 12

Poseidon 198 200 032
Regal Hotels Hldgs 9
Rodamco £42¼ (22 10)
Rorer Grp $430 (21 10)
Royal Trustco A NV C$21½ (22/10)
Sapol 195
Selangor Coconuts 420 (22/10)
Sensormatic Electronics 70¾ (20/10)
Shell Canada A £11¼ (22/10)
Siemens DM 684.0 684½ 685.0 686.0
Singapore Airlines 312 220 (22/10)
Singapore Land 533 60 (17 10)
Societe Nationale Elf Aquitaine FFr 310.0
Square Gold Minerals 14½ (22 10)
Standard Oil Ohio £33.3 (17/10)
Sterling Drug £33.9 £33.2 £33½
Storage Technology $2½ (21/10)
Straits Trading 108 (17 10)
Strategic Minerals 110 ... 112 (17/10)
Sun Hung Kai Props HK$13¼
Swire Pacific B 21 (22 10)
Takeda Chemical Inds 3300 (21/10)
Tandem Res 57 (20 10)
Tandy Corp $34½ (21/10)
Target Pet 150 (17/10)
Do. (A$0.15) 6 8 (21 10)
Teck Corp B £11½ (17.10)
Terek Res 7 (22 10)
Thyssen DM 132.0
Trans World Airlines £16 (20 10)
Tri-Continental Corp £13 (20 10)
Unilever NV (Fl 20) £146 ... $233½
Unilever NV 4% Fl 459 (22 10)
United O'seas Land 45 (22 10)
Vaiant Cons 225 28 (21 10)
Veba £99 ... DM 286 (22 10)
Volkswagenwerk DM 45...
Vulcan Minerals 17 (22 10)
Waltons Bond A$ 303 (21 10)
Westcoast Transmission C$12 20 (22.10)
Westgrowth Pet 130 (22 10)
Woodside Pet 335 432 (22.10)
Do. (ex Rep) 29
World Intnl Hldgs 239 (21.10)
Zarex 13 (22 10)

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Adnams B (£1) £15.95, 16.00 (20/10)

Airship Inds (12½p) 194 ½
Alliance & Leicester Bldg Soc 11½pc Bds due 26/11/86 £99.888
Altro (10p) 69 (21/10)
Appleton (10p) 15 ½ (17/10)
Aston Villa FC (£5) 700 (17.10)
Aston Villa FA (1 vote) (£5) 500
Aytch Saunders 7½pc APf (£1) 35 40
Berwick Salmon Fisheries New (FP) 18 20
Bolton Hse Inv (5p) 46 7 (21.10)
Cambridge Instrument (5p) 142 ¼ 3 (22 10)
Central Equip E (£1) 450 4 (22/10)
Central ITV (50p) 370 5 (21/10)
Channel Hotels & Props (10p) 150 (17/10)
Clashthe (£1) 100 (20/10)
Dawson (Wm.) 345 50 (17/10)
De Gruchy (Abraham) (£1) £10.50 (21/10)
Flightspares (10p) £15 13.02½ (22/10)
Fredericks Place (20p) 185 90 (17/10)
Greenstar Hotels (10p) 3 ½ 3
G.R.I. Elect (10p) 85 7 (22.10)
Guernsey Gas Light (£1) 330 (21/10)
Hard Rock Cafe (2p) 103 8
I.C.E. (1p) 380 660 (22 10)
Island Garages (10p) 53 (21/10)
Kunick Leisure (10p) 27 8 (21/10)
Lonnards 4pcMtgDb 436 7 (21.10)
Lovat Oil & Gas (20p) 8 (22/10)
Midland City Prnrshps (10p) 535 7
Poolus (10p) 19 22 (21/10)
Real Estates & Com 1st 6¼pc1stDb 1997-1997 £32½ ½
S.E.P. Indl (5p) 30¼ ½
Shepherd Neame (B) (2p) 12½ ... (20/10)
Southern Newsys (£1) 215 22 (22/10)
Tiddelle Inv (10p) 21 ½ (20 10)
Thwaites (Daniel) (£1) 625 30 (17 10)
Wolverhampton Racecourse 170 172 (17.10)

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Kenmare Oil Expln (Ir0.25) 10½ (22/10)
North West Oil & Gas (20p) 11½ (21/10)

APPOINTMENTS

Scandinavian Bank divisional chief

SCANDINAVIAN BANK has appointed Mr Tom Palmberg a deputy managing director, as head of the international division. He will continue to have responsibility for co-ordination of the bank's Finnish business. The bank has also promoted to manager, Mr John Kirkman and Mr Anthony Pitt in internal audit, Mr Mark Perkins and Mr Anthony Webb in London treasury and Mr Malcolm Cook in cash management.

★

JOYNSON-HICKS has admitted Miss Sarah Faulder and Mr Graham Briggs as partners from November 1.

★

HARRISON, Birmingham, has appointed as marketing director Mr Rober Wisbey, who joins the window furnishing and hardware company from Golden Wonder.

★

Mr Barry Harding and Mr Peter Littlewood have been appointed sales director and marketing director respectively of FISHER-PRICE TOYS.

★

Mr Peter H. Johnston is to be appointed executive director—UK property investments of SLOUGH ESTATES. He replaces Mr W. J. Baker who resigned earlier in the year. Mr Johnston joins from Lloyds of London where he is general manager property.

★

CLARK WHITEHILL has formed an insolvency partnership, Clark Whitehill & Co. Mr Laurence Baehr has been appointed partner responsible for this new venture. The other partners in the new company are Mr Ted Sloper, Mr Philip Forwood, Mr Howard Williams and Mr Philip Willoughby.

★

Mr Derek Kemp has been appointed managing director of ASTROPHYSICS RESEARCH, Windsor. He was director of marketing.

★

Mr Michael Twigg has been appointed managing director of NASHUA COPYCAT, UK subsidiary of the Nashua Corporation. He succeeds Mr Barry Blackburn who has returned to South Africa. Mr Twigg was head of sales for British Telecom.

★

Mr Tjeerd de Vries has been appointed an executive director on the board of SWISS BANK CORPORATION INTERNATIONAL. He was formerly treasurer of N. V. Nederlandse Gasunie.

★

JARDINE INSURANCE AGENCY in Tokyo has appointed Mr Hideo Ohtsuka as executive vice president—Japan.

★

Mr Gerald Morris has been appointed managing director of CIL SYSTEMS. He was sales director.

★

MANUFACTURERS HANOVER TRUST COMPANY has appointed Mr Gordon F. Blackman to vice president, Mr Keith S. Bates to assistant vice president and Mr R. V. Fernadez to assistant vice president.

★

Mr R. B. S. Gale, chief executive officer and group managing director, has been elected chairman of CITICORP INSURANCE BROKERS. Mr Peter Carlson, an executive vice president, succeeds Mr Gale as chief executive officer and group managing director. It is expected that Mr Gale, who will be retiring in early 1987, will continue to play an active role in assisting the development of Citicorp's initiatives in the Lloyd's marketplace. Mr Carlson joined Citicorp in 1985 from Johnson & Higgins to head the insurance group's development activities.

★

Mr David Howard has been admitted to the partnership of ARTHUR YOUNG from November 1. He will work on corporate development in London.

★

Mr Tony Bond has been appointed finance director of THE BRUNNING GROUP. He succeeds Mr William Morris, who becomes a non-executive director. Mr Bond joins from Collett, Dickenson, Pearce & Partners, where he was the company's deputy group finance director.

ECONOMIC DIARY

TOMORROW: Clocks go back one hour. Gulf Co-operation Council meets in Abu Dhabi.

MONDAY: EEC Foreign Affairs Council starts two-day meeting in Luxembourg. "Big bang" market deregulation becomes effective.

TUESDAY: Financial Times holds conference "Financing tomorrow's winners" at Robinson College, Cambridge. Confederation of British Industry publishes industrial trends survey (October). National Housebuilding Council conference at Hilton Hotel, W1.

WEDNESDAY: EEC Consumers Affairs Council meets in Luxembourg. EEC Economic and Social Committee in plenary session in Brussels (until September 30). Overseas travel and tourism (August). Bricks and cement production and deliveries (third quarter provisional). New vehicle registrations (September). Commons debates Westland.

THURSDAY: Financial Times holds conference "The fourth professional personal computer" at the Hotel Inter-Continental, W1. Energy trends (August). Mr Norman Tebbit, Conservative Party chairman, attends Anglo-Dutch award for enterprise presentation at the Dorchester Hotel, W1. Commons starts two-day debate on the Lords amendments to the Financial Services Bill.

FRIDAY: Sales and orders in the engineering industries (July). Car and commercial vehicle production (September — final). British Telecommunications unions committee statement on the after-effects of British Telecom privatisation.

Institute of Personnel Management at Harrogate

Union members no longer want strikes, Willis says

BY PHILIP BASSETT, LABOUR EDITOR

MR NORMAN WILLIS, the TUC general secretary, told the conference of the Institute of Personnel Management that the decline in strike activity in part reflected its increasing unpopularity among union members as a means of exerting leverage over employers.

In a frank admission of the pressures on unions to adopt new strategies, Mr Willis said that, increasingly, union members were seeking to advance their interests without risking conflict with their employers.

He said: "I have no doubt that, increasingly, members will be looking to their unions to provide progress without strikes and without pickets — quite simply, with the minimum of hassle, especially self-induced hassle."

He rejected the "constant accusations" that unions had too much power, were unrepresentative of their members, that they divided the nation, and that they opposed necessary change.

Unions were now giving priority to individual rights, and he said: "Unions relate to their members. There can be no doubt that unions will ignore at their peril questions about how they are perceived by their members."

Ms Brenda Dean, general secretary of the print union Sogat '82, told the conference that Britain's unions might have to decentralise many of the functions and services they now provide if they wished to come to terms with a changing workforce.

Her statement accords with the revaluation of unions' roles and functions that several prominent union leaders have been making — in particular, trying to adapt to a changing labour market, which will see many more women in employment, for example, and many more people working from home.

In accordance with initiatives already taken by the GMBU general union and the TGWU transport workers, Ms Dean disclosed that Sogat was closely studying possible future employment trends in order to try to identify where the new jobs will be — and, from them, potential union membership.

She said that by the end of the century, workers would not want to see negotiations carried out for them by union officials such as herself. Many would be self-employed, and so would require a wholly different range of union services.

They would not want to be isolated from the rest of the workforce, and so would require information services on such issues as comparable pay rates, insurance, mortgages, and other financial assistance.

Although she said that did not mean that the unions would "walk away" from their traditional members, she said technological change would require shifts in union attitudes.

IBM may impose health code on suppliers

By David Brindle

IBM, the world's largest computer manufacturer is considering ways of requiring its suppliers and service companies to conform to its rigorous health and safety programme.

Mr Bill Colucci, IBM's director of employee relations, said at the conference that there would be "increasingly stringent requirements to do the same thing." That was already so in many cases of suppliers of chemicals.

However, he admitted it was unclear "how aggressive" IBM could get with suppliers that failed to comply with its wishes, especially in the US under law applying there.

Mr Colucci outlined to delegates the comprehensive health and safety measures adopted by IBM, which employs 400,000 workers in 130 countries. The effect, he said, had been to improve the morale of workers and make them more willing to accept technological change. It had also cut costs.

In the US, the company's accident rate per 100 employees was about 1.4 in 1984, compared with an average of 6.8 per 100 for the electronics industry and 8 per 100 for industry as a whole.

As a result IBM last year spent $7.3m (£5.09m) on injury compensation claims. If the accident rate had been at the all-industry average, the expenditure would have been $36.3m.

In addition to injury prevention, Mr Colucci said, IBM was anxious to promote employees' general health and well-being through monitoring, counselling and special courses.

Since 1984, every US employee aged 25 or over had been eligible for a voluntary scheme of health assessment every five years, he said.

For the past five years, US employees and their families had been able to undertake courses ranging from advice on diet and giving up smoking to training to improve car driving. About 200,000 people had so far participated.

Two years ago, the US company had also introduced confidential counselling on family difficulties, financial management, emotional difficulties and drug abuse—the latter being of increasing concern.

All recruits to jobs with IBM in the US were now tested for drug use, Mr Colucci said.

Smoking restrictions had also been introduced, with workers in certain sterile "clean room" manufacturing areas prevented from smoking even at home

Acas chief calls for new industrial relations court

BY PHILIP BASSETT, LABOUR EDITOR

SIR PAT LOWRY, chairman of the Advisory, Conciliation and Arbitration Service, yesterday gave strong support to the establishment of a separate labour court to deal solely with legal issues relating to industrial action.

The proposal for such a court—a kind of re-run of the National Industrial Relations Court of the early 1970s—is now supported by left-wingers in the TUC and is under consideration by the TUC's Employment Committee.

Among the reforms he proposed were:

- A labour court to assume all the industrial relations tasks currently discharged by the High Court.

The court's prime duty would be to try for consensual resolutions to pre-empt disputes and if necessary to call in an Acas conciliation officer. He said that "a legal decision should only be given as a last resort."

- Ballots and injunctions. Ballots should apply to "all contemplated forms of industrial action."

Employers could seek *ex parte* injunctions from the court before a ballot on the action if they had reasonable grounds to believe action would be unlawful—but after a ballot result, such injunctions would not be available.

- Picketing. Sir Pat said: "Picketing in whatever form the law allows should only be lawful in the case of disputes in which a proper strike ballot has been held. No ballot, no picketing allowed."
- Union recognition. He endorsed the idea proposed by Lord McCarthy, the leading Labour lawyer, of support of 30 per cent of employees in a bargaining unit being enough for the right to present a claim, and at 50 per cent enough for the right to binding arbitration if the employer refuses recognition.

However, Sir Pat said that if employee support fell from a certain level, an employer would be entitled to cease to recognise a union

Opposition rises to profit-related pay

BY OUR LABOUR EDITOR

PERSONNEL managers are joining the rejection of the Government's proposals to link employees' pay directly to profit.

In a submission on the Government's green paper on profit-related pay, which it will publish next week, the Institute of Personnel Management is to echo the cool response to the plan already voiced by the Confederation of British Industry and the Engineering Employers' Federation.

The IPM's response will say that the Government's objective of increasing employment through profit-related pay will not be achieved by offering tax relief. Pay levels in companies had to be determined by the requirement to reward effort. They could not be used to further national economic objectives.

The IPM would like to see the green paper used to further the issue of wider employee participation.

Nalgo strike move may hit gas flotation

BY CHARLES LEADBEATER, LABOUR STAFF

BRITISH GAS might suffer from strike action by 40,000 administrative and clerical workers as it prepares for its £5bn to £6bn flotation at the end of next month.

A conference of local officials from Nalgo, the white-collar union, yesterday voted overwhelmingly to ballot the union's members in British Gas on taking strike action over the corporation's 5.5 per cent pay offer.

The secret workplace ballot of Nalgo's 40,000 British Gas members, which will start on November 2, will take about three weeks to complete.

The delegates were asked whether they wanted to call a ballot on strike action or call in outside arbitrators to break the deadlock in the long-running pay negotiations.

National officials of the union say they are confident the ballot will show substantial support for strike action, although British Gas's white-collar workers have never before taken national strike action. In the past only white-collar staff in gas showrooms have taken sporadic strike action.

Mr David Stirzaker, Nalgo's national official for the industry, said British Gas's expensive advertising campaign prior to privatisation, which has emphasised the corporation's profitability, had angered white-collar workers.

Negotiations with British Gas broke down last month over the corporation's 5.5 per cent pay offer. Nalgo says managers and manual workers have received pay rises of about 8 per cent. It wants a 10 per cent pay rise with a flat-rate payment of £10 a week.

It also wants to cut the working week to 35 hours and to lower the retirement age to 60.

Sogat estimates Wapping legal costs near £1m

By Our Labour Editor

THE GENERAL print union, Sogat '82, has spent almost £1m on legal costs arising from the News International dispute at Wapping.

Leaders of the union have this week calculated the legal costs of the nine-month dispute have so far reached £984,000.

That includes not only the union's £25,000 contempt fine, and its direct legal costs, including fees, of fighting its High Court cases, but also some £400,000 estimated as costs of bringing individual cases against unfair dismissal to the industrial tribunals.

Ms Brenda Dean, Sogat general secretary, hit back strongly at claims yesterday by the police that violence was increasing around the Wapping site.

She said she was unaware of any such intensification but repeated the union's condemnation of any violence attached to the dispute, whether it came from print union members, outsiders, or the police.

She also repeated her call for fresh talks with News International on the dispute, and for trade union members generally to make a new financial contribution to help sustain union members during the dispute.

Schoolteachers in Glasgow reject Main

By James Buxton in Edinburgh

SCHOOLTEACHERS in Glasgow voted overwhelmingly against Main Committee recommendations which sought big rises in their pay in return for changes in conditions of service.

Their vote comes two weeks before the main Scottish teachers' union, the Educational Institute of Scotland (EIS), holds a general meeting in Edinburgh to consider action on the Main Report.

The report, by the committee headed by Sir Peter Main formed to solve the teachers' two-year-old dispute in Scotland, recommended average pay rises of 16.4 per cent and codification of teachers' duties and hours of service as parts of what it called an indivisible package.

Mr Malcolm Rifkind, Scottish Secretary, is under pressure to win approval from his Cabinet colleagues for funds to meet a big pay rise for Scottish teachers before the November 8 EIS meeting. Unless he can make a commitment to funding the Main Committee proposals the EIS cannot be expected to recommend their approval.

Mr Rifkind and Mr Kenneth Baker, Education Secretary, are locked in battles with some Cabinet colleagues over the issue of whether to pay the rises. Acceptance of the Main proposals would have implications for the pay of teachers in England and Wales.

If the Government makes a financial commitment the prospects for the Main Committee's recommendations being approved by the union are much better.

Left withdraws candidate from election rerun

BY HELEN HAGUE, LABOUR STAFF

THE BROAD Left grouping within the Civil and Public Services Association has withdrawn one of its candidates in the forthcoming rerun elections for the posts of union general secretary and treasurer.

Mr Eddie Spence, the Militant Tendency-dominated Broad Left candidate for treasurer in the annulled election, announced yesterday that he had withdrawn from the contest.

He said he would give critical support to Ms Christine Kirk, the Communist-Labour Broad Left '84 candidate who won the treasurership in the disputed election earlier this year.

Mr Spence challenged Mr Geoff Lewtas, the Broad Left '84 candidate standing again for general secretary, to withdraw.

If Mr Lewtas remains in the running, the left vote will again be split, helping the electoral chances of Mr John Ellis, the right-wing candidate.

Mr John Macreadie, the Broad Left candidate for general secretary, who won the annulled election by 121 votes, yesterday renewed his attack on rules changes announced by Ms Marion Chambers, the CPSA president, earlier this week.

Under the changes, members will no longer have to sign a receipt for ballot papers they receive.

Mr Macreadie said yesterday: "The union's right wing have unconstitutionally and illegally rewritten the rules."

Texaco staff work from home

By David Brindle

TEXACO, THE oil-refining and distribution company, is to issue computers to 400 staff required to work from home including its sales force, staff responsible for property, and land and construction engineers.

It has also contracted-out much of its workforce, including 650 tanker drivers and support workers and all its headquarters secretarial staff.

BASE LENDING RATES

	%		%		%
ABN Bank	11	Citibank NA	11	● Morgan Grenfell	11
Adam & Company	11	Citibank Savings	¶10.95	Mount Credit Corp. Ltd	11
Allied Arab Bk Ltd	11	City Merchants Bank	11	Nat. Bk. of Kuwait	11
Allied Dunbar & Co	11	Clydesdale Bank	11	National Girobank	11
Allied Irish Bank	11	Comm. Bk. N. East	11	Nat Westminster	11
American Exp. Bk	11	Consolidated Cred.	11	Northern Bank Ltd	11
Amro Bank	11	Co-operative Bank	*11	Norwich Gen. Trust	11
Henry Ansbacher	11	Cyprus Popular Bk	11	PK Finans. Intl (UK)	11½
ANZ Banking Group	11	Duncan Lawrie	11	Provincial Trust Ltd	12
Associates Cap Corp	10	E. T. Trust	12	R. Raphael & Sons	11
Banco de Bilbao	11	Equatorial Tst C'p plc	11	Roxburghe G'rantee	11
Bank Hapoalim	11	Exeter Trust Ltd	11½	Royal Bk of Scotland	11
Bank Leumi (UK)	11	Financial & Gen. Sec.	11	Royal Tst Co Canada	11
Bank Credit & Comm	11	First Nat. Fin. Corp	11	Standard Chartered	11
Bank of Cyprus	11	First Nat. Sec. Ltd	11	Trustee Savings Bank	11
Bank of Ireland	11	● Robert Fleming & Co	11	UDT Mortgage Exp.	§10.9
Bank of India	11	Robert Fraser & Ptrs	12	United Bk of Kuwait	11
Bank of Scotland	11	Grindlays Bank	‡11	United Mizrahi Bank	11
Banque Belge Ltd	11	● Guinness Mahon	11	Westpac B'king Corp	11
Barclays Bank	11	HFC Trust & Savings	11	Whiteaway Laidlaw	11½
Benchmark Tst Ltd	11	● Hambros Bank	11	Yorkshire Bank	11
Beneficial Trust Ltd	11	Heritable & Gen. Tst	11		
Berliner Bank AG	11	● Hill Samuel	§11		
Brit. Bk. of Mid. East	11	C. Hoare & Co	11		
Brown Shipley	11	Hongkong & Shanghai	11		
CL Bank Nederland	11	Knowsley & Co. Ltd	11½		
Canada Permanent	11	Lloyds Bank	11		
Cayzer Ltd	11	Mase Westpac Ltd	11		
Cedar Holdings	12	Meghraj & Sons Ltd	11		
Charterhouse Bank	11	Midland Bank	11		

● Members of the Accepting Houses Committee. * 7-day deposits 6.69%. 1-month 7.03%. Top Tier—£2,500+ at 3 months' notice 9.72%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 6¼% gross. ¶ Mortgage base rate. § Demand deposit 6.69%. Mortgage 11%.

Bang?

After October 27th, as the echoes fade, the U.K. financial community will find itself adjusting to its new circumstances.

Some firms will find the new competitive environment unfamiliar. Some will need to spend time putting their houses in order. Others will have to ease themselves into new relationships, adapt to new situations, and live under new labels.

Meanwhile, corporate financial officers and professional investors will be asking the question: "Which of the many new financial services groups will be the best equipped to serve our needs from now on?"

Merrill Lynch, more than any other, is already experienced in operating in truly competitive dual capacity markets, internationally, under a variety of regulatory frameworks. We are one firm for which globalisation and 24-hour trading is a genuine, working reality.

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How can corporate and institutional market users benefit from all the changes?

Our capital, experience, commitment and advice are available after October 27th, as they were before, to clients who want the comfort of dealing with an investment banking group already accustomed to the new market environment.

At Merrill Lynch we won't hear much of the bang; because for us it'll be business as usual.

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Saturday October 25 1986

The electronic jury is out

THE LITTLE local drama which will be enacted in the City on Monday has no doubt filled many of the participants with stage fright. Will all their expensive hardware work properly? (Some of it did not in the rehearsal last Saturday.) If it does, will the human operators be able to keep swimming in the flood of information they will have available? And assuming that everything runs as smoothly as might be hoped, will commissions in the fiercely competitive market yield enough to make the whole effort rewarding?

These will be life-and-death questions to some of those directly involved, but they are really of very limited importance to anyone else. London is not, after all, pioneering the international, high-tech market in money and securities, but simply following where New York led more than a decade ago. It has already profoundly changed the constraints and opportunities facing not only companies but sovereign governments. The screens are, as Mr Walter Wriston, former Citibank chief, has put it, like an electronic jury, delivering instant verdicts on bids, balance sheets and national budgets. Its verdicts are becoming more influential with every month that passes.

Drastic changes

The history of such influence goes back to the Lombard bankers who once financed princely wars, but it used to be much more fitful. As little as 20 years ago the gnomes of Zurich haunted the Wilson Government only at crisis times. The young men who pestered Mr Denis Healey with their circulars may have hampered his control of domestic interest rates, but that was all.

Now, however, when shares and bonds are held world-wide, the jury is on permanent duty. What is more upsetting for London operators, its members are increasingly Japanese, as the huge Japanes surplus, freed by financial deregulation, seeks outlets in all markets. Traders may arrive at their desks in the morning to find that drastic changes have been going on in the Pacific while they slept—as in the sudden surge in the dollar yesterday. Since Japanese money managers seem to have something of the herd mentality of fund managers everywhere, a swing once started can go a long way.

Uneasy winter

The persistent weakness of sterling in recent months reflects an unflattering international verdict on the vagueness of British monetary and fiscal policy, and this means that Mr Nigel Lawson, the Chancellor, faces an uneasy winter framing his Budget strategy. Measures designed to appeal to British voters would blow up in his face before he could even resume his seat if they get a critical reception in New York (Tokyo will still be asleep).

Since investors, as Keynes wrote, succeed not by reaching right judgments about the facts, but by correctly guessing the judgments of other investors, they too must learn to think internationally; and since all but the richest individuals are already facing transaction costs which have risen sharply in the last few years, they cannot afford to chop and change. An increasing number may conclude that their own response to the revolution will be that summed up in the old slogan: If you can't beat them, join them. They will entrust their savings to the money managers with the screens. The Big Bang merely makes it formal.

Action on Syria

THE BRITISH Government was right to break off diplomatic relations with Syria yesterday following the conviction in the Central Criminal Court of Nezar Hindawi for trying to place a bomb on an El Al aircraft at Heathrow last April. There was sufficient evidence that Syrian officials, including the Syrian Ambassador in London, were involved in the attempt to make any action short of ending relations look feeble.

The only question, as Sir Geoffrey Howe, the Foreign Secretary, was hinting in the House of Commons yesterday afternoon, is whether Britain is entitled to expect its European partners and the US, all of whom have been targets of terrorism, to go with it.

The answer is "no, at this stage." This was a specific act where the culprit was caught redhanded. There has been a specific response. What is necessary, however, is for the Europeans and the Americans to work even more closely together in sharing intelligence and to show some sympathy when one country feels obliged to take unilateral action.

Bus deregulation

Roadblocks down, but some fog ahead

By Kevin Brown, Transport Correspondent

TOMORROW is D-Day (for deregulation) for the biggest shake-up in British public transport since the post-war nationalisation of the railways. For the first time since 1930, anyone who wants to run a bus service will have to do no more than buy a vehicle, satisfy safety regulations and hire a driver.

The intention of the 1985 Transport Act, most of which comes into force tomorrow, is to open up the bus industry to competition by sweeping away route licensing by local authorities and breaking up the publicly-owned National Bus Company.

Mr John Moore, the Transport Secretary, claims that the Government has freed the industry from "a straitjacket of controls" and predicts a major transformation in transport that means "more bus operators, more choice and the opportunity to provide the sort of service people want and can afford."

The evidence, however, is that while the threat of competition may increase efficiency in the industry, most of Britain's bus passengers are unlikely to notice much difference.

The Government's case for action on buses is based on a combination of rocketing fares and subsidies and rapidly declining services. Over ten years, fares have increased by 35 per cent more than the rate of general inflation, route mileage is down 12 per cent and subsidies are up from £83m to £558m. The industry, it seemed, was expensively bleeding to death.

In a sense, the chosen solution is an extention of the relaxation of route licensing criteria by the last Labour Government, which brought in new operators — though not many—for the first time since the 1930s. The Government has also had the advantage of two dry runs—in the long-distance coach industry, deregulated in 1980, and the 1984 experiment of partial deregulation in London, which is exempted from the latest legislation.

The result is a complex system designed to ensure fair competition while protecting communities on less profitable routes from losing public transport.

The first step was to try to achieve what Transport Department officials call "a fair start" for all operators by preventing the existing companies from simply pricing competitors out of the market.

To this end, local authorities were forced to reconstitute their bus operations as companies operating at arm's length, and the NBC was ordered to break up its business into local and regional companies to be sold to the private sector.

All potential bus operators were then asked to register proposed routes with the Traffic Commissioners, while routes which attracted no operators were put out to tender by local authorities, which offer subsidies to the lowest bidder.

As an extra safeguard for the countryside, the Government introduced an additional subsidy under which up to £20m can be paid to rural operators on top of subsidies paid by local authorities.

The initial indications are that the subsidy arrangements have been successful in their main purpose—deflecting criticism from those who claimed that marginal routes would disappear once cross-subsidisation from profitable operations was removed.

Around 30 per cent of existing routes will be subsidised through the tendering process, and although no national figures are available it looks as though few communities which were on bus routes under the old system will be isolated.

There will be gaps in services during the early morning, late at night and on Sundays, however. Special services such as Christmas and football specials, all-night and hospital services may also be hit.

The tendering arrangements have led to substantial and unexpected savings in the amount of subsidies required to keep routes open. Greater Manchester, for instance, budgeted to spend up to £17m a year on subsidies, and was surprised to find its tendering process completed at a cost of only £6m.

Most of the recent coverage of the approach to D-Day has centred on Glasgow where a quirk of Scottish law led to deregulation being introduced early. Supporters of deregulation have pointed to the increase in local bus operators from around 20 to 190 as evidence of what the policy can achieve if it is given a fair chance.

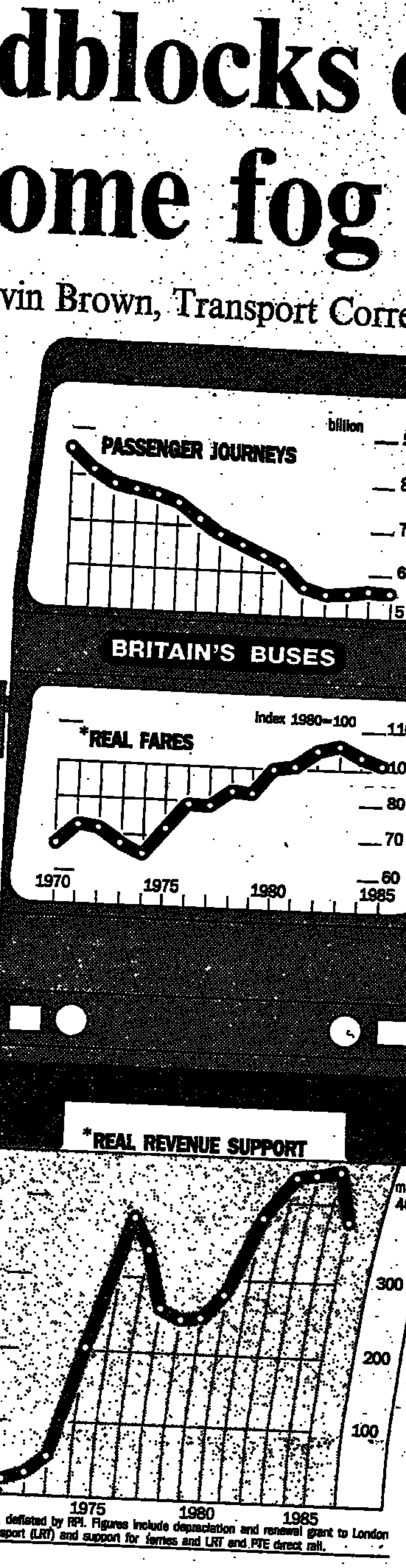
Opponents, on the other hand, have pointed to the chaos in the city centre at peak times, and the spectacle of operators touting for business, as a stark warning of the chaos in store for the rest of the country.

The truth is that Glasgow is an abberation. Part of the competition is artificial, caused by the division of the Scottish Bus Group into several autonomous companies. Much of the rest is said to be a response to the past shortcomings of the Strathclyde Passenger Transport Executive.

Whatever the reason for the bus boom in Glasgow, it has not been repeated elsewhere. The available evidence shows that there has been little competition for most commercially registered routes, the majority of which have been retained by the existing operators.

There will be direct competition for passengers on only 3 per cent of routes. This is a disappointment to the Government, which Ministers play down by claiming that there will be plenty of operators offering services which did not exist before.

Unhappily, this does not appear to be happening on any scale either. Only 200 new operators have entered the bus business as a result of deregulation, compared with around 1,500 already running services. There have been plenty of additions and amendments to routes, but few services have been registered which did not exist before.



*1980 prices, deflated by RPI. Figures include depreciation and renewal grant to London Regional Transport (LRT) and support for ferries and LRT and PTE direct rail.

A more typical example of what is happening than Glasgow is Greater Manchester, where Greater Manchester Buses, owned jointly by the local district councils, has been forced into a rapid improvement in efficiency which has meant the loss of 2,000 jobs and closure of four workshops and three major garages.

Mr Ralph Roberts, the chief executive of GMB, says even this brutal surgery will leave the company facing problems on the 64 per cent of commercial routes which have been retained.

"We have prepared a plan that should keep us in business, but there is no guarantee. We can go bust now like anyone else," he said.

Like many transport professionals, Mr Roberts concedes that the industry needed change, but he claims the Government is trying to do too much in too little time.

"We were increasing our efficiency; we had some way to go, but throwing everything up in the air like this has caused a lot lot of people to be thrown on the scrap heap," he says.

Mr Peter Morgan, the marketing development manager of Greater Manchester Passenger Transport Executive, the licensing authority, says there will be very little competition for passengers. Many of the 40 new operators in the area will be running subsidised services, while others will run a handful of commercial services without opposition from competitors.

"It is more than likely that there is not enough patronage on the few competitive routes to justify operators providing services at the sort of level they have registered," he says.

"We are genuinely concerned that when we start to receive variations on the registrations for commercial services we will have a hell of a lot of subsidies to provide."

Greater Manchester reflects the national experience in that most of the new entrants to the bus industry are existing holders of public service vehicle licences who have been running coach services or running private hire businesses.

Only one genuine entrepreneur of the kind the Government hoped to encourage has come forward: Mr Samuel Tandy who plans a 12-mile subsidised service from Saddleworth to Ashton using a single 12-seater minibus.

Mr Tandy, a bakery worker with no previous experience of running a business, was spurred into action by the initial publicity for deregulation. He has employed a driver made redundant by GMB, and claims to be sufficiently confident of making a profit that he is already considering investing in a bigger vehicle.

Mr Tandy refuses to discuss his finances, but describes the process of setting up the business as "very difficult indeed." His experience of the deregulation bureaucracy may go some way to explaining the lack of other entrepreneurs in Manchester.

One man who has put his money behind the Government's policies is Mr Mike James, a Conservative councillor and coach operator from Ormskirk who has invested £25,000 of his own money in setting up Northway Little White Buses.

Mr James says his six minibuses will make a profit with an occupancy rate as low as 40 per cent, and as evidence of his confidence that there are new markets to be won he is offering extra services such as parcel carriage and prescription collections for small fees.

Northway will operate only on commercial routes, and Mr James says confidently: "I have no fears at all. We are going into it seriously and efficiently, and I hope that by next January we will be looking at quite a big expansion, possibly 30 or 40 minibuses."

The boom in minibuses is one undeniable effect of deregulation: NBC operating companies have ordered around 3,000 and many more are about to enter service with other companies. But doubts are already being raised about their operating viability.

At around £18,000 for a 16-seat vehicle, minibuses are substantially cheaper than conventional buses, which cost upwards of £60,000. But a conventional bus will last at least 16 years, and substantially more with proper maintenance, compared with an estimated life of only three years for a minibus in heavy use.

The minibus boom has also had a devastating effect on the market for traditional double- and single-decker buses. Manufacturers are gloomily predicting that new registrations, which totalled 3,000 as recently as 1980, will be down to around 800 this year, and probably 300 in 1987.

A number of companies are believed to be poised to enter the market with large minibus fleets if the initial experience of deregulation turns out to be successful.

The largest known potential operator is United Transport International, a subsidiary of BET, which is planning to introduce 225 18-seat minibuses in south Manchester. UTI, however, is entering the market largely as a means of expanding its UK revenue to combat the adverse effect of currency movements on its overseas interests—mainly in Africa, Australia and the US.

Mr Ian Barratt, the company's technical services executive, said: "There is a requirement for us to have UK investment to balance our overseas investment, and we perceive this as a potentially profitable operation."

Most observers believe there is unlikely to be a major increase in the number of competitors, however, since it is also possible that a number of existing operators will pull out once the true nature of the deregulated market becomes clear.

Mr Stuart Jones, editor of Coachmart, the industry magazine, says: "The nature of the commitment involved in running bus services is such that entering the industry, even with the changed regulations, is not that attractive a form of capital investment."

Mr Ian Maule, traffic manager of the Manchester bus and coach operator A. Mayne and Son, agree: "It is a big gamble for anybody to make. It would take a brave man to put a lot of investment into the bus industry at a time when nobody knows what its future is."

Mr Bill Steinmetz, head of the European arm of Booz Allen & Hamilton, the transport analysts, said: "Do you really expect investors to put money into the bus business when there are so many other investments available these days? There are better places to invest your money."

Mr Steinmetz added: "There is just no evidence that there is a seedbed of new bus operators out there." The point is that no-one is going to know, one way or another, for several months.

Man in the News

George Hayter

The City's electronic Bailey Bridge builder

By Alan Cane

GEORGE HAYTER was talking about his vision of a global electronic stock market and growing more uncomfortable by the second.

The most fluid of conversationalists when extolling the virtues of London as a financial centre or electronic information as a commodity, he faltered and fidgeted; it took a sudden dive to the well-used whiteboard in his office in the Stock Exchange's new technical centre in Christopher Street to restore his momentum and equanimity.

Computer people used to say that anything which could be completely described could be programmed. Of Mr Hayter it is tempting to suggest that if he can draw it, he can build it.

That global marketplace will have to remain a vision for the time being while the world's stock markets absorb the impact of Seaq, the London Stock Exchange Automated Quotations system, which has been Mr Hayter's baby for the past two years.

As director of the Exchange's information services division, it will be his head on the block if the system proves unable to cope with trading on Monday and thereafter: "But it will work," he grins with the breezy confidence that distinguishes his management style at the Exchange.

Seaq is by no means the biggest computer project in which he has been involved. He worked from 1968-76 on the Boadicea airline reservation system for what was then the British Overseas Airways Corporation and which at that time was probably the biggest system of its kind in Europe.

Educated at Malvern College and Cambridge University where he read physics and philosophy, Mr Hayter's first job was at Elliott Automation, proving ground for a generation of the UK's electronics elite (Iann Barron of Inmos designed his first computer there). He worked for Leo Computers, which became part of ICL, before BOAC, moving to the Stock Exchange in 1976: "I never expected to stay this long," he muses.

The Seaq development had a number of built-in time bombs, most primed by the extraordinarily short time-scale allowed by the agreement in 1983 on deregulation between Sir Nicholas Goodison, the Exchange chairman and the then Industry Secretary, Mr Cecil Parkinson.

"As a piece of computer software development," Mr Hayter says, "it was not as big as Boadicea."

"The load, however, was far heavier. We were doing the job for the whole of the securities industry and we had to do it in a goldfish bowl.

"It was a little like swimming in a heavy sea. Every time I thought we had the project under control, we were hit by another roller."

Conceived and gestated in the full glare of the publicity surrounding the "Big Bang" in the City, Seaq must seem to the outside world to be the apex of the Stock Market's technological ambitions.

But Mr Hayter and his team have no illusions about the rough and ready nature of their creation: "It knocked us off the thread of our long-term developments," he says. "Seaq was built in a rush with the tools we had at hand. It would have been nice to have done it better."

Ideally the system should have been built from scratch like its design model, the US over-the-counter market NASDAQ system, but time, money and existing investment in electronic price distribution equipment dictated otherwise.

"There is a wide river to be crossed and time only to build a Bailey Bridge," Mr Hayter said almost exactly two years ago. And while work on the Bailey Bridge went on, the river was rising all the time.

In the spring of 1985, for example, trade in international equities began to take off in London with the result that a select group of international market-makers were in search of a suitable electronic system for price distribution. The implications were clear.

The system selected would become not only the basis for international market making but for domestic equities as well. It would, in fact, *become* the stock exchange. If the London exchange was to survive as a market, it had to supply the system.

If they had made any other choice, we would have been building Seaq to no avail," Mr Hayter says. "Our problem was that while to most people, the ball was perceived to be Seaq, the real ball was rolling in from the touchlines. So we had to splice Seaq International together from the tools at hand."

"It was," Mr Hayter remembers with a wince, "like trying to change your underpants without being caught with your trousers down."

Mr Hayter's reputation outside his own department seems to lie less in his technical competence ("that's not George's job anyway," one colleague remarked) than in his skill in navigating his way through the Exchange's labyrinthine committee structure.

"He is very competent and he leads well. It is an incredibly difficult job," says one broker.

Where does he go from here? Perhaps there is a clue in the fact that at BOAC, he was in charge of selling packaged (turnkey) computing services to other airlines.

He is well aware that from Monday the Exchange will be an electronic market in competition with other electronic markets, but he does not believe that technology is everything.

"It is an act of faith but I believe the London market is second to none. It offers regulation, good order and credibility. We have to be able to offer an international service, visible market information and the ability to trade quickly and easily at a good price."

He foresees the establishment of an electronic mosaic of exchanges, regulatory organisations and settlement firms stretching around the globe: electronic pipelines between the exchanges established through bilateral agreements."

And he thinks London should take the lead in promoting these agreements and providing the technology to underpin them.

He dreams of collecting market information from all the world's exchanges, pumping it up to a geostationary satellite for retransmission to the entire world: "The first person to do that would have enormous advantages."

The seed of a new company: "Global trading systems; Geo Hayter, Prop," perhaps? "I think we have enough work at the Exchange to keep us busy for the next few years," he smiles.

The Kennedys

Here they go again

IT WAS "Say yes to hugs, say no to drugs" day in Boston and Joseph Patrick Kennedy II was pumping tiny hands from the city's Kwong Kow China School.

The diehard Democratic Eighth *Congressional District of* Massachusetts, for more than 30 years seat of Thomas P. ("Tip") O'Neill, the retiring Speaker of the House of Representatives, is secure: Joe Kennedy, the seat as good as his, is already looking to the next generation of voters.

Farther south, in Baltimore, Maryland, another Kennedy is running for Congress. Kathleen, Joe's elder sister and the oldest of Bobby and Ethel Kennedy's 11 children, faces a tough race against a gritty Republican woman incumbent. She may even lose. Yet the emergence of the two young Kennedys in this year's *Congressional* campaign has revived interest in one of America's best-known political families. Is a new Kennedy dynasty in the making?

The Kennedys inspire a welter of conflicting emotions among the American people. There is the lure of a dream unfulfilled, a tale of two brothers, John and Bobby, gunned down by assassins before they reached their prime. Then there is the story of power based on wealth, of reckless characters who seemed to court disaster.

The latest batch of Kennedys are no less brash than their elders. Joe is a handsome, six-foot 34-year-old whose short temper is as much a trade-mark as his toothy grin. His campaign is typically well-financed. During the key Democratic primary run-off this year, he spent more than $1.2m, employing nearly 50 paid staff and almost 3,000 volunteers on polling day, according to his campaign manager and childhood friend, Chuck McDermott.

Like Kathleen, *he is* no political tyro. Both helped their uncle, Teddy Kennedy, in his unsuccessful run for the Democratic Presidential nomination in 1980. What makes Joe Kennedy more than just a name is the platform on which he is campaigning.

The Eighth District is heavily Democrat in heavily Democrat Massachussets. Its Democratic roots were established by James Michael Curley (a famous Irish mayor dominated Boston politics for 30 years), grew under John Kennedy (Joe's uncle and the future President) and *flourished during the virtually* unchallenged reign of Tip O'Neill.

From the day Joe Kennedy declared his candidacy he appeared determined to drop *the liberal tag. He said he was* in favour of the death penalty. He supported the Reagan Administration's bombing raid on Libya. He said he stood for a more personal, entrepreneurial form of liberalism expressed by the highly popular Massachussetts Governor Michael Dukakis.

It was a cute move by young Joe, distancing himself from a string of liberal Democrat rivals in a primary he eventually won with ease. These included Franklin Roosevelt's grandson and a no-holds-barred from the state senate, Mr George Bachrach. And yet there was some substance to Kennedy's new-style liberalism.

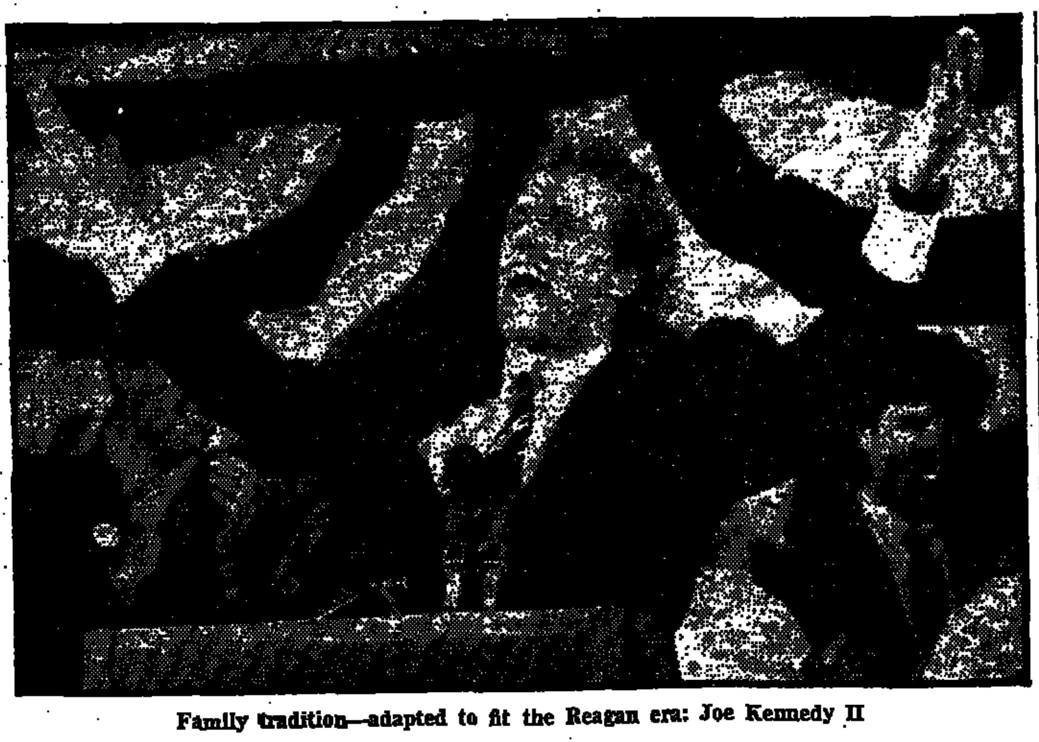
For six years he has run a private non-profit company called Citizen's Energy Corporation, which was set up to provide cheap heating oil to Boston's poor and elderly. The original idea was to buy oil below the spot price from friendly oil producers, process it at an offshore refinery and use the profits from some of the products such as gasoline to lower the cost of the heating oil.

By all accounts—including the Kennedy camp's inflated talk of Joe's "billion-dollar" company—Citizen's Energy has delivered the cheap goods to several thousand homes in Boston.

There is no doubt that Kennedy has demonstrated the energy and business skills once shown by his eponymous grandfather more than 50 years ago.

He bullied the Venezuelan Government into the first cheap oil sale, ruthlessly exploiting the Kennedy name. Working long hours, he defied the sceptics, at home and abroad, on occasions even landing a deal with the Soviet Union. "Joe has fantastic commitment," says Pam Hughes, his presse secretary. "There is a whole story there waiting to be told."

That story is, of course, part of a burgeoning legend of the Robin Hood of the oil market robbing the big oil companies to pay the poor. More immediately relevant is the way Citizen's Energy enabled Kennedy to build up support among the traditional *blue-collar* Kennedy voters in Boston.



Family tradition—adapted to fit the Reagan era: Joe Kennedy II

Lionel Barber sees a less liberal fashion in Democrat politics

Critics have also pointed out that Kennedy hired a Washington public relations firm in 1983 to plan an energy conservation campaign in almost every town and city in Massachusetts. It never came off, but in retrospect it looks like a dry run for office.

The collapse in oil prices has cut Citizen's margins and forced the company to diversify into for-profit oil brokerage and into selling low cost drugs. There is also a question mark over a $300,000 grant awarded by a Massachusetts state official now working for the company. But the business background gives extra credibility to Kennedy when he talks about creating opportunity for the underprivileged through market mechanisms and rails against state-sponsored welfare. "Joe is against maintenance because it maintains people in poverty," explains Chuck McDermott.

It is a theme which sections of the Democratic party in the country are turning to. The Democrats have been rattled during the Reagan years by the constant attacks on the Great *Society*, the *institutionalised* liberal programme to help America's underclass.

This is what David Broder of the Washington Post has called the New Deal-making politics. Kennedy is aware of this debate. He was quoted recently justifying his candidacy as helping to serve the "redefinition" of the Democratic party. He has the perfect launching pad in the Eighth District—which, thanks to its numerous *universities*, has more brainpower per square foot than probably anywhere in America.

The question is whether he has the intellectual power to shift the debate on his own or whether he will turn more for guidance to his uncle, the senior Massachusetts Senator Edward Kennedy, or perhaps even to his elder sister, Kathleen, who worked for a stint in the Dukakis administration.

Unlike her brother Joe—who ignored the traditional Kennedy route through Harvard and went on a tour of three colleges before attaining a graduate degree—Kathleen has a good academic background.

Her campaign themes are largely dominated by local issues such as toxic waste and defending against charges that her brief spell in Maryland makes her a carpet-bagger.

But she stresses her work for Governor Dukakis, where she helped to set up a programme to take welfare recipients off welfare. She *claims in publicity literature* that the programme placed 23,000 people back into work at a $70,000 saving to the public.

She also appears to want to distance herself from the straight liberal tag. In an article written three years ago in the Washington Monthly, she told a story of how a Massachusetts state official suppressed the *name of a deserving woman* candidate for an outstanding volunteer award—he did not want to give Ronald Reagan the satisfaction of being right.

Kathleen Kennedy argues that liberals are wrong to discard voluntarism and wrong to let the conservatives steal the issue. She has highlighted the growth in the federal bureaucracy in welfare. "As taxes have steadily risen, more and more citizens have felt they have done their charitable duty just by paying for larger Government programmes.'"

By stressing compassion, charity and public duty, Kathleen is drawing on the older themes articulated by the Kennedys of the 1960s. She does not deny this, though she has tried to play down the Kennedy name by using her married name, Townsend, during the Maryland campaign.

But, just as in Boston, the Kennedy family is omnipresent. Ethel appeared on stage when Kathleen declared her candidacy and brother Bobby Jnr is helping in the campaign. At Joe Kennedy's campaign headquarters, in Kendall Square, young brother Michael is on hand.

On Boston Common last Saturday, Joe's deceased *brother* David briefly came into the picture. Joe Kennedy, stumbling slightly over his words, stared at the assembled crowd and declared: "You know, the issue of drugs means a tremendous amount to me and my family. I lost my younger brother to drugs."

He must have said it tens of times during the campaign, but it sounded sincere.

Wapping and a matter of academic interest

DAVID SELBOURNE is a tutor at Ruskin College, Oxford, who threw a right against a principle. The right is academic *freedom: he exercised it* by writing an article published on March 26 this year in The Times. The principle he offended was that defended by the 180 students of his college: *of solidarity with the striking* print workers sacked by The Times' owners, News International, nine months ago.

Ruskin is not really an Oxford college: it is a college in Oxford. Its students are the activists of the labour movement, class-conscious cadres: its graduates include Norman Willis, the TUC general secretary. During the 1984-85 miners' strike the students gave up one of their accommodation blocks to Welsh miners picketing the Didcot power station. For months past, a bus has taken Ruskin students to the *Wapping picket lines.* These students are overwhelmingly working-class socialists; its tutors are also socialists though often middle-class ones.

Writing an article for The *Times* was a huge sin against the light for a Ruskin tutor. The students, led by John Austin, who has now gone on to St Peter's College, demanded from Selbourne an apology. He refused. They boycotted his lectures. A picket was mounted on his classes, then withdrawn when it was clear no one would attend.

On June 27, Ruskin's Executive Council—composed largely of trade unionists—censured Selbourne. But he was not dismissed, indeed at the start of the current term he was assigned pupils. However, he felt he could not teach with *de facto boycott* still in force and is now preparing legal action against Ruskin.

This private struggle came out when Hugo Young, the Guardian's columnist, revealed it at length, *in a closely*, even passionately, argued piece of journalism which charged the Ruskin staff with actions "which have been justified by the trade union, not the academic, imperative: the rights of students to organise according to a trade union 'principle' rather than the right of a tutor freely to write and teach."

Young's account has been, in *some particulars*, as passionately rejected by college staff, notably Raphael Samuel and Stephen Howe. The details are important and have crucially affected the views taken. But at the root the argument is over competing principles: it is a political struggle.

It found its public arena on Wednesday, in the debating chamber of the Oxford Union. A motion had been put by Jim Forder of Nuffield College, a Liberal, which in its central passage "deplores the refusal of Ruskin College to support the right of its members to publish their work freely (and) calls on (Oxford) University to represent in the strongest terms its traditional stand on academic freedom to the governing body of Ruskin College."

The famous hall was packed. Naturally, anti-climaxes were *the order of* the night: the Ruskin motion was last on the agenda and was not taken until nearly 10 pm. The scheduled debate, on inner cities, saw the deputy leader of Sheffield Council gesture towards the busts of Gladstone and Macmillan, sweeping them into a once-upon-a-time-consensus on the need to combat poverty.

Forder introduced his motion. Slight, sandy-haired, a little old-fashioned in his dress, he came on like the next leader of the Liberal Party but three. His debating style was classic training-for-the-House material, and high

John Lloyd looks at the background to a college row

quality at that. He carefully adumbrated his case, explicitly stripping it of contention, stressing his commitment to the freedom of students to dissent. Then he dropped that mode. The News International papers, he said, were being written by the NUJ . . . "Scabs," roared the Left in the audience . . . . . . printed by the EETPU . . . "Scabs"—*a louder roar* . . . and "distributed by those pillars of the labour movement the TGWU and SOGAT" . . . confused shouting.

"The central case," said Forder, "is the need to guarantee the three freedoms of thought, opinion and expression. You can guarantee these freedoms. Or you can have academics who only take the party line."

John Austin opposed him. Austin, a leader of the anti-Selbourne cause, had transferred from Ruskin, after completing the two-year diploma course, to take a political economy degree. He was the working-class equivalent of Forder: stockier, with thick greying hair, also a little old-fashioned but more casual in his dress, a strong South East England working-class accent, contrasting with Forder's smooth Oxford English.

"The dispute," he said, "was never about the academic freedom of David Selbourne. We agreed he had the right to say what he wanted. The article he wrote (it was about Militant in Liverpool) was never in question was the right of a trade union member to go against the policy of his own union (the Association of University Teachers) and publish an article in The Times."

He said that when he (Austin) wrote an article in "Well Red," the Ruskin students' magazine, calling for Selbourne's apology or resignation, Selbourne called on the acting principal, Bill Conboys, to discipline Austin—"that was what David Selbourne thinks of personal freedoms!"

It was the speech of a trade unionist who knows and understands the arguments of the other side but who had dismissed them as an ideological weapon. "This is a ploy by the Alliance to embarrass the labour movement . . . What David Selbourne forgot in this were some of the basics of trade unionism — something we all believe in when we go to Ruskin. The main one is — *unity is strength.* By publishing that article in The Times he was forgetting the basics of trade unionism."

Nigel Nagarajan, one of the only two Labour members of the student union executive, pleaded with his members to "be careful of what you are doing — the Government is ready to cut off Ruskin's funds."

All—apart from Austin, the older man—looked like Cabinet ministers in early training. The hall was ablaze and the speeches were excited. Everyone seemed to be having a high old time. It seemed that the defence of individualism was essentially a collective activity, deriving its passion from the pleasures of shared enmity.

The vote, which went to a division, saw the motion go down by 149:200. a great cry of victory from the Left. Forder said: "At least we ventilated the issue."

Letters to the Editor

Changes at the Exchange

From Mr H. Marsden

Sir, — Members of the Stock Exchange have just received a letter from the chairman informing us of certain changes which would entail our vote as individual members being required for the last time. The suggestion is that I surrender my vote, and thereby my influence on Stock Exchange affairs, for a fixed sum of £10,000 which I would only receive when I retire from the Stock Exchange be it this year or in some 30 years or more, as I would hope. One now accepts that the merger with the International Securities Regulatory Organisation is in the national interest, and in the interests of the larger Stock Exchange member firms. I am, however, much influenced to vote against the proposals. I believe that the bigger. Stock Exchange firms and the big international and City institutions would not vote for my self-interest.

The problem of unlimited liability of members in running the now considerable Stock Exchange services could be funnelled into limited liability companies and the shares distributed to individual members who have financed the operations to date. This would not incur any undue tax liability as far as I can see. Any payment to members should be index-linked to redemption, in equity between individuals as well as to be a meaningful *sum in* 10 years, let alone 20 or 30 years.

No allowances in these proposals for payment to members takes into account that tax rates might increase to make the benefits less worthwhile in future years. It must be more sensible and equitable for the new members (including ourselves in this context) to pay the old members (being ourselves only) at this time a figure which is meaningful and reflects the value of not only the building but also the organisation which we have nurtured at some considerable risk and expense over the years and which the International Securities Regulatory Organisation clearly recognises. No account has been taken of the present members' contributions which have built up a compensation fund of some £8m.

This will be the last time that I shall be asked to vote if it goes through. I still believe that a successful market requires a sufficient mix of large and small business to avoid undue volatility. Recent events, particularly in the US, bear this out, and they do not encourage the average individual investor to use our medium of investment to make money or to maintain the value of savings. The quality of earnings and security relates to steady progress achieved from a liquid and stable market.

The individual private investor and member of the Stock Exchange is not only required but remains essential to any future worthy of the high standards evolved and maintained by present and past members. The wealthy international and national City institutions are being proposed for membership at absolutely no entrance fee.

I suggest the immediate payment to all members in shares or some form of index-linked bond would be appropriate. I *must pay tribute to the great* efforts which the Stock Exchange Council and organisation have generally made on behalf of members and the nation. The council, however, should remember that it was elected to represent the Stock Exchange members as well as the maintenance and furtherance of the London Stock Exchange and its high standards. We as members at least deserve the *normal consideration of* self-interest which is surely recognised in the profit motive of capitalism around the rest of the City and the commercial world both in the UK and overseas.

Hugh J. L. Marsden,
29, Abbotsbury Rd, W14.

Out-of-town shopping

From Mr W. Sloman

Sir,—The proliferation of out-of-town mega shopping centres to sites in the open countryside is, indeed, a menace to the green belt preservation as Mr W. Cochrane's article (October 18) makes clear.

The power of big business and development organisations to get their way should be curbed and it is doubtful whether the usual powers of planning authorities are sufficient to halt their depredations.

In one way, however, the extravagant wastage of good land can be lessened by insisting that all car parking facilities must be in the basement and on the roof of the buildings rather than extended lavishly around them. Promises of extended "landscaping" the area are not enough and only inflate the amount of land impounded.

Further, why should not all such "developments" be required to contribute a percentage of their cost to a Government fund to be used specifically for the rehabilitation and redevelopment of the inner city areas blighted by the ensuing transfer of trade. It is preposterous to claim that any shopping centre, however well designed, can "considerably enhance" any stretch of country-side, green belt or otherwise,

W. R. Sloman.
7 The High Street,
Saffron Walden, Essex.

Off the rails?

From Mr R. Bonwit.

Sir,—It is a strange paradox that the country which introduced railways to the world should become the first European country to curtail—and eventually destroy—its rail system.

This is now being attempted through a policy, not of outright closure, but of death by a thousand cuts. Our railways remain saddled with the 19th Century strategy of carrying *what the* traffic will bear—meaning risking pricing themselves out of the market by high fares or unattractive offers such as shortened commuter trains. In the not so very long run this will drive many commuters to patronise a multitude of private coaches or their cars (subsidised to the tune of £2bn a year through tax rebates) and thus aggravate road congestion.

Admittedly some railway staff cuts are compatible with the introduction of modern signalling and door control but they should not be carried to the extent that the railways become a completely impersonal transport machine. The New York underground is a warning example of danger to passengers from understaffing.

In a densely populated country such as ours there is a limit to what can be achieved through the substitution of car and lorry for rail—look at the rush-hour stagnation on key stretches of the M25.

Theoretically there is scope for rail closures in some rural areas but the aim of many rail travellers is not the local station but the city centre where they work. Relatively small savings on rail expenditure would be purchased by traffic congestion in neighbouring cities.

Meanwhile we are miles behind the *Continental* and Scandinavian electrification of 80 per cent of traffic hauled. It is counter-productive to ask our railway administration to pay for improvements to its infrastructure out of current earnings or by further staff reductions. Even the prudent Swiss decided to "forgive" their railways the cost of electrification—as being in the national interest—in 1928.

Even in the US a point has been reached in road and air congestion where the restoration, or drastic improvement, of rail services through dense traffic "corridors" is being pursued with the help of federal subsidies.

Substitution of fast rail for air traffic over medium distances is being energetically pursued on the Continent with plans for TGV tracks to link Paris with Brussels and Cologne in an advanced stage. Integrating Channel tunnel traffic into such a network would ease the problem of airport congestion in London.

Continentals never believed in the wisdom of making the railways pay their way or of restricting railway losses to suit the preferences of the individual taxpayer.

Ralf Bonwit,
Sorby, Kiln Lane,
Binfield Heath,
Henley-on-Thames, Oxon.

Paying its way

From the Finance Director, Travellers Fare

Sir, — Your article on the Government's objectives for the railways (October 22), contains some misleading references to target and performance figures for Travellers Fare.

Since May this year, when train catering became part of the InterCity sector, Travellers Fare has been responsible only for station catering. Financial targets and results however, have for some years been given separately for those two very different businesses in both the BR board's corporate plans and annual reports.

Even before the board's objectives were set in 1983, it was the objective of the station catering business to return a net profit, not simply to break even. Indeed, in 1985-1986, station catering made a profit of £4.6m and is well on target to meet its demanding objective of *doubling* this profit by 1990-1991.

Ken Watson,
Tournament House,
Paddington Station W2.

Bias in the ballot

From Mr I. Cameron

Sir,—Mr Deeley's suggestion (Oct 21) that the TSB ballot "was supposed to give" everyone "a 50 per cent chance of success" is not quite correct.

I understood that the method of allocation was to group applications in bundles of 50 and reject alternate bundles. That means that the unit that had a 50 per cent chance of being successful was a bundle of 50 applications and not an individual application.

As regards the family applicants, two considerations are valid: (1) the probability of the *applications being* in different groups of 50; (2) the probability of an individual group being successful.

I feel that for a family to have the best chance of *success as a group* in this type of ballot they should try to get their applications in different groups, perhaps by sending their applications in different envelopes at intervals of, say, two days. I understand that of the 3.7m public applications received, 1.84m were successful.

I. Cameron,
2 Gamlingay Rd,
Potton,
Sandy, Beds.

Inspecting cars in Japan

From the General Director, Paris Office, Japan Automobile Manufacturers Association.

Sir,—In your survey about the motor industry (October 14) which we found most interesting, we read Mr Kenneth Gooding's article "Protectionism—Japan still the bone of contention." I would however, like to make a correction concerning the figure given for cars having to have a single inspection. In the article low volume cars are mentioned as being those where sales are not expected to be above 15,000 a year. This figure *is wrong.*

The Japanese Ministry of Transport is applying (since January) the "preferential handling procedure." The *prime objective of the new system* applicable to up to 1,000 vehicles per type per year is to enable sales to start without delay (upon the landing of the cars) by accepting manufacturer-generated data. No longer will it be necessary to bring each car into the Land Transport Office for inspection, rather, inspectors will be sent to the dealer site for simplified and speedy inspection.

M. Shizume,
33 rue Ponthieu,
Paris.

UK COMPANY NEWS

Reuters proposes merger with Instinet Corporation

BY CHARLES BATCHELOR

Reuters Holdings, international business information group, yesterday announced plans to acquire Instinet Corporation, a US company which has developed an electronic share dealing system, valuing it at $97m (£68m).

Reuters said it had proposed a friendly merger with Instinet to Mr Bill Lupien, its chief executive at a lunchtime meeting yesterday. It wants an answer from the Instinet board by 10 am, New York time, next Thursday.

In New York Instinet said its board would consider the proposal next week. The approach was not a surprise given the close relationship between the two companies, it added.

Reuters reached agreement in 1985 to market Instinet's share-dealing system outside the US and at one stage it appeared that Instinet would be the means by which Reuters woudl break the London Stock Exchange's monopoly over dealings in UK shares.

After lengthy discussions, however, Instinet last month announced it was to become a member ofthe Stock Exchange from October 27, ending its potential rivalry with SEAQ, the Stock Exchange's automated quotation system.

Reuters already owns a 6.6 per cent stake in Instinet and has warrants which would increase its stake to 41 per cent. It had originally hoped to buy 20 per cent and warrants which would have given it 51 per cent, but Mr Lupien declined to relinquish control.

Since then however Instinet's earnings have deteriorated. It made a large operating loss in its most recent quarter and has lost key personnel.

In a letter to Mr Lupien, Mr Glen Renfrew, Reuters' chief executive, wrote: "We believe Instinet has an excellent service but it will require substantial investment to broaden the product in order to make it attractive to a much larger number of subscribers."

Reuters is putting together a package of securities services which would all be provided through a single work-station. A merger would allow the two companies' products to be integated, it added.

The British group is offering $7.25 in cash or shares for each Instinet share, which were worth $5.25 at Thursday's New York stock market close. Instinet has 12.04m shares in issue and 1.47m warrants which are exercisable at $7.25 or lower.

Reuters said it hoped Instinet would view its merger proposal favourably and that its board would recommend it to shareholders.

Reuters has acquired a series of small companies since it obtained a public listing in London and New York in June, 1984 to fill in gaps in its product range, including Rich Inc, a US manufacturer of dealing room communications systems, in April 1985 for $57.5m.

● Reuters yesterday reached agreement with the Tokyo Stock Exchange to allow the company to provide real-time prices of more than 2,500 Japanese stocks. It previously carried delayed price information on 900 Japanese shares.

FR Group 21% ahead and calls for £40m

By Alice Rawsthorn

FR Group, which makes equipment for the aircraft, energy and electronics industries, yesterday unveiled proposals for a one-for-four rights issue to raise £40.3m and reported a 21 per cent increase in pre-tax profits to £7.2m.

...The capital raised by the rights issue will be used partly to equip the company to fulfil two substantial new contracts and partly to finance acquisitions.

FR Group has recently won two major contracts, one for the Ministry of Agriculture, the other for the Royal Navy, which will collectively be worth around £50m over the next five years. The company needs to invest some £20m to buy and fit out nine new aircraft to fulfil the contracts.

In addition FR Group is eager to expand through acquisition. The stock market rippled with rumours yesterday that the company was raising capital in order to mount a bid for the Vinten Group, a troubled photographic and broadcasting equipment manufacturer. Vinten's shares rose by 5p to 153p yesterday.

Yet FR Group is intent upon acquisitions in the US, rather than the UK, according to its group financial director, Mr Giles Irwin. He said that the company is in the final stages of negotiation to buy an unnamed US company

In the rights issue FR Group will release 14.64m new ordinary shares at 285p. Shareholders will be entitled to one new share for every four already held. The FR Group share price tumbled by 25p to 309p yesterday, despite the announcement of a healthy set of interim results.

It increased turnover to £46.08m (£37.03m) in the six months to June 30 and operating profits to £6.86m (£5.9m). The company received £467,000 (£147,000) in interest on its net cash, which is currently valued at around £14m. Earnings per share rose to 7.95p (6.74p) and the board proposes to pay a dividend of 1.35p.

After yesterday's announcement analysts upgraded their forecasts for the full financial year from between £16m and £16.2m to between £16.5m and £16.8m.

The company hopes to secure two important new contracts. It has already signed a memorandum of understanding with China, which it hopes could emerge as a new market, and is tendering for a contract to supply the US Navy.

Comtech rights

Combined Technologies, the company which last month announced that its future policy would be to concentrate on financial services in the motor industry rather than high technology ventures, yesterday said that its shareholders had taken up 41.3 per cent of the rights issue made by its wholly-owned subsidiary, Comtech Finance. The rest was sold in the market.

The rights issue was of £5m nominal of 11½ per cent convertible unsecured loan stock 1996. The underwriting arrangements also guaranteed the sub-underwriters—mainly directors of Combined Technologies — at least £2m nominal of stock, so because the full rights issue amount was subscribed, the total stock issued amounts to £7m.

Solvay

Solvay, the Belgian chemicals group, has acquired a further 1.17m ordinary shares in Laporte Industries (Holdings), the UK-based chemicals manufacturer, bringing its stake in the company to 22 per cent.

Verson Intl. reverses into Bronx

THE PRIVATELY-OWNED Verson International Group has completed the reverse takeover of Bronx Engineering the troubled hydraulic press manufacturers, writes David Goodhart.

Bronx, which in the six months to May 31 1986 made a loss of £504,000 on turnover of £4.08m, will be issuing 50m new shares to takeover Verson. That will leave Verson's shareholders, primarily the management and Lyods and Citicorp banks, with 80 per cent of the expanded share capital.

Holders of 42.1 per cent of the Bronx equity have already accepted the deal and the dominant family in the company has agreed to the takeover.

Mr Tim Kelleher, chairman of Verson, will become chairman of Bronx and other directors of Verson will be joining him on the board.

Despite its recent difficulties Bronx has a strong order book and several long-term contracts. Mr Kelleher said: "Bronx is a well organised business but it will benefit from an increase in working capital and from the synergy we can provide in marketing."

Bronx has assets of approximately £1.3m and before its suspicion at 30p had a market capitalisation of £3.6m. However the Verson management believes it has been carrying the costs of a £15m turnover company while only reaching sales of about £12m. The combined group will have a turnover of about £35m.

Verson, which was first estblished in the UK in 1979, had not been seeking a public quote for another two years but when Bronx, its near neighbour in the West Midlands, ran into difficulties to suggest the deal.

Mr Kelleher, has already been on the Bronx board for some months and informal talks began in the middle of last month before Bronx announced its interim results.

The directors of Bronx said yesterday that the acquisition of Verson would bring access to new products in the press automation and coil process fields and the benefit of sales offices in several parts of the world.

Backing British engineering

BY DAVID GOODHART

"THERE IS no such thing as the British disease. It's complete nonsense, absolute rubbish," asserts Mr Tim Kelleher. He is chairman of Verson International and the latest immigrant (from the US) to fall in love with that sector so unloved by the natives — engineering.

The British, he believes, can compete technically and commercially with the best of Japan and Germany "and our workforce here is better than any I have come across anywhere in the world."

Nevertheless, Mr Kelleher thinks there has been a problem for small and medium sized engineering companies over the past 15 years—which forms the rationale for Verson's acquisition strategy.

The problem, shared by the US and several European countries, is that many smaller engineering groups, private and public, were built on the buoyant domestic markets of the 1950s and 1960s. They were never large enough, or interested enough, to build a solid export presence, so when the domestic markets declined the companies declined with them. The export effort was the first thing to be cut.

This is where Mr Kelleher comes in. "We bring together small businesses which would not on their own be able to afford the overheads involved in serious marketing and export drives."

The squeeze on smaller quoted businesses could also be accentuated by Big Bang, he claims as they find it more difficult to make a market in their shares. "Groupings of smaller companies, like Verson, now represent the future both from a business and a liquidity point of view," he says.

Out of this vision Mr Kelleher aims to build a company with a market capitalisation of £250m in the UK. His focus will be narrower than several of the better known mini conglomerates. He is not interested in anything far away from metals handling, forming or joining.

Growth, he hopes, will be split evenly between acquisitions and organic expansion. His target for acquistions is one or two each year although he is already looking closely at two or three a month.

Mr Kelleher's international background ought to equip him for the task ahead. It has certainly convinced several senior executives from large companies such as Davy Corporation and Cincinatti Milacron to forego security and status to join a small, unknown, Darlston-based engineering group with some interesting prospects.

It was 14 years ago that Mr Kelleher as a young manager from Verson Allsteel Press Co. of Chicago first visited Europe to see what could be done with the company's plant in Belgium. He decided not to close it but to use it to build a "truly international business."

In 1979 Verson was established in the UK and in 1985 Mr Kelleher and several executives, supported by Lloyds and Citicorp, bought from Verson Allsteel all its companies outside

Mr Tim Kelleher, chairman of Verson

the US and Canada That now includes four factories and a distribution company in the UK and manufacturing or distribution bases in Hong Kong, Australia, Belgium, Chicago, Paris and India, with Spain later this year.

Mr Kelleher has built in effect a miniature specialist manufacturing and trading company on the Japanese model. The UK subsidiaries specialise in the supply of power presses, metal forming systems, welding machines and related equipment and are increasingly supplying sophisticated production processes rather than mere machine tools.

Most of the acquisitions to date have been the neglected orphans of giant engineering parents. But now Mr Kelleher aims to seek distressed businesses to rationalise the manufacturing base and put in marketing skills.

In 1982 it bought parts of Wilkins & Mitchell from the receiver, in 1984 it acquired the HME range of products from Cincinnati Milacron, in May last year it purchased A.I. Welders of Inverness a wholly-owned subsidiary of the International Thompson Organisation and at the end of 1985 it bought Ductile Engineering from Glynwed.

Out of this Mr Kelleher and his team produced a pre-tax profit of £1.3m on turnover of £12m to the year ended January 31 1986, but has been aiming to nearly double turnover in the present year.

With his classic American business school background and experience in international markets Mr Kelleher could now turn Bronx into one of the coming companies of the UK market.

He has one other potential advantage under his belt—China.

Mr Kelleher first visited the country in 1978 and subsequently spent nine months there. Co-production deals already account for more than a quarter of Verson's turnover and, what is more, it appears that Verson is known and trusted by the Chinese. "China is all about tenacity, commitment and time," says Mr Kelleher. The largest export market in the world could be just what Bronx needs.

Carclo in £16.1m agreed bid

BY CHARLES BATCHELOR

Carclo Engineering Group is making an agreed takeover bid worth £16.1m in shares for Jonas Woodhead and Sons, another engineer specialising in springs and forgings for vehicle suspensions.

The Woodhead offer comes just over two months after Carlco acquired Bruntons of Musselburgh, a manufacturer of wire and rope products, with an agreed offer worth £5.8m.

Carclo makes wires for use in automotive controls and springs as well as card clothing (used to clean and comb textiles) and general engineering products. It believes the products and the markets of the two companies are complementary.

Woodhead made pre-tax profits of £1.13m on turnover of £53.4m in the year ended March 1986 and had consolidated net assets of £8.8m at that year end.

After making a loss of £1.18m the year before, the company sold some of its loss-making businesses and strengthened its board with the appointment of Mr Derek Norton, as chief executive, last May.

The company's operations comprise the manufacture of springs, stabiliser bars and torsion bars for vehicle manufacturers in Britain and the Continent, a 32-branch service network, a general engineering business and a French company which makes shock-absorbers.

Carclo already has a 24.1 per cent stake in Woodhead, most of it acquired last April from Mr Ron Brierley, the New Zealand businessman.

It is offering five of its own shares for evrey 22 of Woodhead. With Carclo's shares 12p higher at 480p yesterday, the offer is worth 109p for each Woodhead share. The Woodhead share price rose 5p to 96p.

There is a cash alternative worth 99.1p per share which has been underwritten by Robert Fleming, the merchant bank.

Full acceptance of the share offer would lead to the issue of 2.54m new Carclo shares or 30.6 per cent of its enlarged equity.

Carclo plans to pay an interim dividend of 4.4p per share, an increase of 10 per cent on the previous year.

Cost cutting at Pegler Hattersley

By David Goodhart

Mr Greg Hutchings, chief executive of F. H. Tomkins, said yesterday that 30 to 40 senior managers at Pegler Hattersley had been asked to leave since Tomkins took it over last June at a cost of £190m.

Other immediate reorganisation measures such as the closure of the Doncaster head office and better balance sheet management had already saved about £2.5m according to Mr Hutchings.

He was speaking out in the light of the 25p fall in the Tomkins share price following a presentation to City analysts. Mr Hutchings told the meeting that Pegler would not be able to achieve the £21.6m profit forecast it had made during the bid. However, he stressed yesterday that Tomkins had predicted as much during the bid itself and that any shortfall would be more than compensated for by the first wave of savings.

"We have been right about the profit forecast and we have been right about some of the problems at the top.

The slip in the share price he attributed to one major and loyal shareholder wanting to marginally cut its Tomkins holding and one over-optimistic profit forecast.

DRG Canada

DRG Inc (Canada), the Canadian subsidiary of DRG, packaging and stationery maker and specialised engineer, increased its income in the nine months ended September 1986 to C$6.53m (£3.27m) against a previous C$5.56m.

Net income improved from C$3.28m to C$3.75m for income per share up from C$0.91 to C$1.04. Sales moved ahead from C$ 88.49m to C$95.37m.

Overseas problems leave F. Lilley £25m in red

F. J. C. Lilley, Glasgow-based civil engineer and building group, which yesterday requested a suspension of its Stock Exchange quotation, announced late last night substantial losses for the half year ending July 31 1986.

Although trading profitably in the UK, with profits of £3.5m, major overseas problems, principally heavy construction contracts in the US, resulted in a group loss of £24.48m pre-tax for the period, compared with profits of £4.68m.

The US contracts suffered operating losses of £15m and the requirement to make provision for further losses of £13m. The directors said these results take full account of losses to completion

They expected that the second half would be profitable and during 1987 there would be recoveries of cash and profit from the settlement of disputed items and claims which have required provision at this time.

Turnover fell from £160.47m to £175.23m during the half year. Attributable losses came out at £19.23m (£2.89m profits) with losses per share at 24.01p (3.6p earnings).

The company's shares closed at 24p on Thursday after two days of sharply adverse share trading following a company statement that it was postponing the announcement of its results. The price previously stood at 42p.

Hambro Countrywide in £5.2m tidying-up deal

BY ERIC SHORT

Hambro Countrywide, Britain's largest estate agency chain with 415 branches, is acquiring in a tidying-up operation the outstanding 50 per cent interest in Mann and Co Bournemouth as well as the entire share capital of Deltatouch from C. J. Short in a profit-linked deal worth a maximum £5.2m.

Hambro Countrywide, the estate agency arm of merchant bankers Hambros, was formed from the merger of two major estate agency firms, Mann and Co and Bairstow Eves.

This latest deal is based on the anticipated profits of Mann and Co Bournemouth being not less than £1.73m over the three years from June 1 1985 having achieved £400,000 in the first of these years, and not to be less than £600,000 in the current year.

The maximum consideration for the purchase is 1,495,000 shares of Hambro Countrywide of which 499,836 were allotted on completion. Hambros took up 150,000 shares at £3 per share, its holding in Hambro Conntrywide now being slightly below 60 per cent, with the remainder being placed in the market.

C. J. Short also received convertible loan stock as part consideration of the deal. If the anticipated profits figures are achieved, then these will be converted into a further 370,164 shares in Hambro Countrywide.

The business of Mann and Co. Bournemouth, has been transferred to Deltatouch, which is being renamed Mann and Co (South Coast).

P & O promise does not apply to EF option

By Clay Harris

THE UNDERTAKING by Peninsular & Oriental Steam Navigation not to increase its holding in European Ferries, the shipping and property group, roes not apply to a new issue of 8.46m shares over which P&O controls a call option.

P&O would not, however, be allowed to exercise the voting rights—equivalent to 2.8 per cent of European Ferries' voting capital — while the Monopolies Commission is studying the relationship between the two companies.

P&O controls the option through its 50.01 per cent stake in Elropean Financial Holdings, which itself holds 20.8 per cent of European Ferries.

The remaining 49.99 per cent of EF Holdings is owned by Noramco, which was issued the new European Ferries shares as final payment for a property deal in the US.

Atlas

Atlas Converting Equipment, which came to the USM in July valued at £9.3m, lifted pre-tax profits by 59 per cent in the six months to end-June 1986.

On turnover ahead from £3.4m to £3.78m, the pre-tax result rose to £569,000 (£357,000). The costs of the flotation will be dealt with as an extraordinary item in the full year's accounts.

On October 15 Atlas purchased the vacuum metallising business of General Engineering Radcliffe from the receiver for about £300,000.

OT&T property deal adds £2m to annual profits

BY TERRY POVEY

Ocean Transport & Trading, which is contesting a £258m bid from Mr Ron Brierley's Industrial Equity (UK), yesterday announced details of a property development which will add £2m a year to pre-tax profits.

Mr Nicholas Barber, managing director of the freight-forwarding, fuel-distribution, shipping and trading company, said that the agreement with a subsidiary of Bellwinch involved the redevelopment of an 8¼-acre freehold site owned by the group at Millwall Wharf in London's Dockland. The riverside site is to be mainly used for flats, houses and shops.

For 1985, OT&T reported pre-tax profits of £31.9m after losses on ship sales of £5.6m. In the six months to June the company posted pre-tax profits of £15m (£15.7m in the same period in 1985).

Mr Barber said the development will be phased over a five-year period, with Ocean taking the major share of profits on the sale of the homes after expenses have been met.

Millwall Wharf was one of Ocean's commodity warehouses until 1968 and has been let as an industrial estate since then.

● Mr Brierley's IEP Securities has increased its stake in Horizon, the UK's third-largest tour operator, to more than 17.5 per cent.

Authority Investments in black

Authority Investments reversed last year's losses of £2.6m to pre-tax profits of £153,564 in the full year to April 30 1986. Turnover rose substantially from £2.5m to £7.1m.

However, the directors declined to recommend the payment of a dividend.

The directors said that the company was to be developed as an investment banking house with three main profit centres: banking services; investment; and property.

After tax of £1,616 (£2,352), earings per share worked through at 3.1p compared to last time's losses per share of 51.97p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
British Assets	0.58	Jan 7	0.48*	2.05	1.78*
Clayton, Son & Co int	2	Jan 5	1.5	—	7
Dean & Bowes§ ......int	1	Oct 31	—	—	—
FR Group ....int	1.35	—	1.35	—	3.85
Stanley Miller ......int	0.5	Dec 5	0.5	—	1

Dividends shown in pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Bromsgrove rights attracts only 18.9%

The rights issue staged by Bromsgrove Industries, the Worcestershire-based aluminium castings manufacturer, has flopped. Only 18.9 per cent of the 3.51m shares being offered at 70p a share were taken up: the rest have been left with the underwriters, stockbroker Albert E. Sharp.

Bromsgrove announced the £2.3m two-for-three rights last month along with a warning that rst-half gures had been hit by a downturn in sales. It said a major customer had experienced disruption because of the transfer of a production line.

The rights issue was held to cut borrowings, increase working capital, and provide the means to finance further acquitions. It was accompanied by a sharp fall in Bromsgrove's share price: after a surge to 140p in the summer, the shares fell to 77p on the news and yesterday they closed unchanged at 70p.

J. Smurfit Corp.

Jefferson Smurfit Corporation, the US paperboard and packaging subsidiary of Jefferson Smurfit Group, reported pre-tax profits in its third quarter up by 2½ times from $6.5m to $16.82m (£11.93m) making $38.47m, against $22.51m for the nine months to end September 1986.

Net sales for the quarter improved to $267.2m (£189.5m), against $155.63m. The nine months figures were $768.45m ($479.57m) with earnings per share of $1.92 ($1.38).

Directors said that reflecting the recent strong demand for paperboard and packaging products price increases had been made on all the major product lines.

COMPANY NEWS IN BRIEF

RESULTS

BARLOWS, packer and warehouseman, incurred loss of £5,666 (profits £14,089) pre-tax in half year to June 30 1986. Turnover fell from £258,956 to £166,944. Loss per share 2p (earnings 3.4p). Tax nil (£4,227). There was extraordinary credit last time of £313,325. Making-up and packing sections of business to be closed at cost of some £70,000.

BRAY TECHNOLOGIES, heating equipment manufacturer, will apply for a full Stock Exchange listing in 1987, according to Mr John Ewart, the chairman. In the six months to June 30 1986, Bray lifted pre-tax profits from £435,000 to £550,000 on turnover of £4.3m (£4.1m). After tax of £204,000 (£181,000), earnings per share worked through at 6.24p (4.6p). The interim dividend is increased to 1.1p (1p).

AMBROSE Investment Trust interim dividend is lifted from 3.36p to 3.55p for the six months ended September 30 1986 despite a fall in earnings per share to 4.4p (5.16p). Revenue amounted to £543,008 (£533,781) before tax of £158,620 (£165,895).

JITRA RUBBER pre-tax profits fell from £101,000 to £80,000 for the six months ended June 30 1986. After tax of £24,000 (£30,300) earnings per share were 0.5p (0.64p).

ERF HOLDINGS directors have decided not to pay the dividend on the 10 per cent cumulative preference shares due on October 31. A preference dividend was last paid on October 31 1982. At year-end March 29 1986, preference arrears stood at £320,000.

STOCKLAKE Holdings pre-tax profits improved from £3.82m to £4.02m for the year ended March 31 1986 despite a fall in turnover from £24.17m to £22.77m. After tax of £1.89m (£1.83m) earnings per 25p share were given as 50.6p, against 47.2p, while the dividend is unchanged at 12p with a same-again final payment of 9p.

SECURITIES Trust of Scotland is paying an interim dividend of 1p, to reduce disparity, for the six months ended September 30, 1986, compared with equivalent of 0.8p. Directors expect to recommend a total for the year of 3p (2.5p). Pre-tax profits were £3.58m (£3.69m). Earnings per share came out at 1.53p (1.52p). Net asset value at par was 122.3p (78.4p) and at market value 114.3p (79.8p).

POLYPIPE'S current year had begun with extremely encouraging trends in all product sectors, particularly in underground drainage markets, Mr Kevin McDonald, the chairman, told the annual meeting. Polypipe manufactures and supplies plastic plumbing systems.

BRENT CHEMICALS International's rights issue received acceptance for 9,989,018 shares (95.5 per cent). The balance of 474,535 shares was sold on the Stock Exchange at 139p per share and the excess over subscription price of 18.4p net will be distributed among the original allottees.

NORTH MIDLAND Construction returned to profits in the year to the end of August 1986 with a pre-tax figure of £155,000 (£65,000 loss). However attributable profits came out lower at £97,000 (£155,000) as last time there was an extraordinary credit of £169,000. The tax charge was £58,000 (£81,000) leaving earnings per 10p share at 3.88p (6.75p) and the dividend has been passed. Last time there was a single final payment of 0.3p.

YEARLING bonds totalling £1.25m at 11¼ per cent, redeemable on October 28, 1987, have been issued by the following local authorities: Eastbourne Borough Council £0.25m; Tamworth (Borough of) £0.25m; Greater Manchester Passenger Transport Executive £0.25m; Northavon District Council £0.25m.

BIDS AND DEALS

CONTROL SECURITIES is selling the Paddock Wood Distribution Centre in Kent for £6.5m which will be used to reduce borrowings. The company said that the interest costs saved were greater than the income being received.

INDUSTRIAL FINANCE and Investment Corporation received acceptances for 2.5m ordinary (91.5 per cent) in respect of its recent rights issue. The balance of 236,595 ordinary have been allotted to APA Holdings under the terms of the underwriting agreement. APA now holds a total of 7.37m shares (44.13 per cent of the enlarged capital).

DAVY CORPORATION, as a result of recent purchases, now has an interest in 4.5m (41.9 per cent) ordinary shares in A. Monk. The purchases were made as follows: 225,000 purchased at a price of 153p on October 10; 150,000 purchased at 153p on October 13, and 25,000 also at 153p on October 15. These shares are, or will become, registered in the name of Davy Corporation.

Terry Dodsworth on the Franco-US group's microchip disposal

Schlumberger beats a retreat

MR JEAN RIBOUD, the charismatic chairman of Schlumberger and architect of its meteoric post-war expansion, sketched out a new grand strategy for the group before he died earlier this year. The group, he decided, would have to expand beyond its roots in geological services to the oil industry, moving more heavily into the electronic circuits which now control measuring equipment, and out into the physical business of drilling for oil. Today, only months after he handed over control of the group, these diversification plans lie in tatters.

With the virtual disposal of Fairchild, Schlumberger is washing its hands of an adventure in electronics which has probably cost it about $1.5bn. Its other major acquisition of the last few years, the SEDCO off-shore drilling company, is in almost as bad a shape as Fairchild was a year or so ago. It is widely expected on Wall Street that SEDCO's problems will prompt heavy write-offs in the final quarter of this year—charges which, when added to the $200m the company is planning to set aside for Fairchild's disposal, could amount to about $1bn.

The fact that Schlumberger can face these charges with equanimity and with a share price which only trembled slightly yesterday, says a great deal about the underlying strength of the group and the glamour and mystique which still cling to its name.

In the late 1970s, at the height of the price boom in the oil industry, Schlumberger was one of the hottest stocks in the world. On Wall Street, its share price was so strong that it stood among the top ten companied in market capitalisation, topped only by companies such as IBM, Exxon and General Motors, despite the fact that in sales it ranked well outside the top 100 companies.

Times may never be as good again for Schlumberger, but in the perspective of the heady days of the late 70's oil bonanza, the rating looked to be justified. Schlumberger by then had achieved a dominance in its industry which is granted to few companies. Like an IBM of the oil industry, it was fabled for its quality and service to its clients. It was known as a ruthless competitor, with an international presence said to amount to around 90 per cent of the world market in wireline services and up to 70 per cent in the US.

In many ways, despite the love affair with the group on Wall Street, Schlumberger remained an intensely French company. It was highly secretive, in the best French tradition. Its senior executives rarely spoke to Wall Street, and even less to the press. An appearance by Mr Riboud before the influential New York analysts Society in 1981 was a red letter day, long remembered on Wall Street. Its quarterly reports were the shortest that any major company dared to present.

If there had been more disclosure and discussion, Wall Street might have been somewhat more sceptical about Mr Riboud's diversifications. But for some time, the acquisitions were taken largely on trust. The purchase of Fairchild seemed, after all, to make sense—measuring equipment was using more and more semiconductors, and the group argued that it needed vertical integration to bring the developers of the new electronics closer to users in its own measuring equipment operations.

In retrospect, the diversifications now seem badly timed, and equally badly managed. At Fairchild, Schlumberger's autocratic style of management did not go across well. Many of its senior managers and scienists, the heart of any research-based electronics group, left when Schlumberger put in its own man to run the company. At the same time, the US semiconductor industry was running into new competitive problems from the upsurge in Far Eastern producers.

In this environment, Wall Street believes that Schlumberger has nowhere to go but down over the short term. During the last year, the group has managed to absorb losses in the US and a hefty $511m charge—largely on Fairchild—by reasonable returns overseas. But now its international operations are in trouble as well, and the operational loss of the third quarter is likely to be followed by a similar deficit in the fourth quarter. With the forecast write-offs, the group is expected to declare a loss this year after making only $161m in the first nine months—down from $723m in the same period of last year.

Longer term, however, Wall Street has not lost hope. The replacement of Mr Michael Vailland, Mr Riboud's chosen successor, by Mr Euan Baird, a hard-nosed Scot, is expected to bring more discipline to operations and a tougher view to under-performing activities.

See Lex

Schlumberger fell $41.9m or 14 cents a share into the red in the third quarter of 1986 after taking into account several special items, writes David Blackwell in New York.

Mr Euan Baird, chairman, **said the result, which compares with net profits of $208.1m or 78 cents a share last time, was mainly affected by the continued decline in oil field activity in the US, the North Sea, West Africa and Latin America.**

Special items in the latest quarter include: a $53m gain from a litigation settlement; $35m of provisions, mainly related to unfavourable lease commitments for facilities at Computer Aided Systems and an expected loss for divesting a small electronics business; $24m in redundancy costs in oilfield services; and provisions for expected losses on certain *investments, which* were partly offset by a $60m gain on the sale of some of the group's investment in a French water utility. In addition, there was a currency exchange gain of $13m.

The latest loss leaves the group well down at the nine-month stage, with earnings of $161.4m, against $723.7m. Revenues for the two periods declined from $1.56bn to $1.29bn, and from $4.89bn to $4.29bn.

Allied bars Campeau acquisition

By Bernard Simon in Toronto

A FEDERAL JUDGE has granted Allied Stores a motion for a temporary restraining order barring Campeau from completing the purchase of 25.8m Allied Stores shares bought by Campeau.

The restraining order **will bar Campeau from completing the purchase until a hearing next Friday. Campeau, the maverick Canadian property developer, had scooped up the Allied shares on the open market to gain clea rcontrol.**

In a move planned for several weeks, Campeau abruptly terminated an earlier tender offer for Allied shares yesterday morning and, through the Los Angeles-based securities firm Jefferies and Co, bought large parcels of shares.

A Jefferies trader said that the 25.8m shares, valued at $1.73bn, were bought from about 60 arbitrageurs.

Together with the 4 per cent it already held, Campeau's purchase gives it control of about 54 per cent of Allied's stock.

Fiat silent on Alfa takeover

By John Wyles in Rome

THE FIAT group yesterday chose to keep under wraps its proposed takeover bid for Alfa Romeo which was finally sent to IRI-Finmeccanica, the state holding company, last night.

The company's decision not to release details is following the same procedure as its rival, Ford, which tabled its own confidential proposals for Alfa at the beginning of the month. IRI-Finmeccanica is committed to replying to the Ford offer by November 7.

SIA first half expands by 20%

SINGAPORE AIRLINES (SIA), the island state's flag carrier, boosted group net profits 20.5 per cent in the first half of September to reach S$201.3m (US$92.1m), writes Our Financial Staff.

This was despite a more modest 3.7 per cent rise in turnover to S$1.67bn, and a load factor which edged up 0.1 point to 72.7 per cent.

PKbanken eyes $650m deal

BY KEVIN DONE, NORDIC CORRESPONDENT IN STOCKHOLM

PKBANKEN, one of Sweden's "big three" commercial banks, is understood to be negotiating the takeover of Gotabanken, the country's fourth largest bank in a deal that could be worth more than SKr 4.5bn ($650m).

If the merger goes ahead it would create Scandinavia's biggest bank with combined assets at the end of 1985 of SKr 203.4bn ($29.5bn), placing the new bank ahead of both Skandinaviska Enskilda Banken and Svenska Handelsbanken, the traditional leaders of banking.

PKbanken is 84.5 per cent owned by the Swedish state. The bank was floated on the Swedish stock market in 1984, as one of the first significant privatisation moves by Sweden's social democratic government. It had consolidated assets at the end of last year of SKr 158bn.

Gotabanken, which had consolidated assets of SKr 45.4bn last year, is 45 per cent owned by Proventus, a Swedish investment company dominated by Mr Robert Weil, a Swedish financier.

According to Swedish news agency reports the PKbanken bid, initially for Proventus' 45 per cent holding in Gotabanken, also involves a consortium of four other investment and financial services companies, Catena and Custos, owned respectively 48 per cent and 19 per cent (of the votes) by Volvo, Asken, the investment company and Skanska, the construction and investment company.

Gotabanken has a market capitalisation of SKr 4bn and after several difficult years is now one of the country's most profitable banks with a jump of 97 per cent in operating earnings in the first eight months of 1986.

Modest improvement at Exxon

BY DAVID BLACKWELL IN NEW YORK

EXXON, the world's biggest oil company, has bucked the trend in the latest round of results from US oil groups, lifting third-quarter net income by 6 per cent to $1.06bn or $1.46 a share from $995m or $1.33 in spite of a steep decline in revenues.

So far Amoco, Shell, and Standard Oil have reported lower net earnings, and Phillips Petroleum was in the red for the period

However, Mr Clifford Garvin, chairman of Exxon, said the group's earnings before special items had dropped $133m to $1.08bn, reflecting reductions in crude prices averaging more than 50 per cent. This was only partially offset by stronger petroleum product and chemicals margins, he said.

Special items in the 1985 third quarter included restructuring charges for certain chemical and refining facilities in West Germany. The latest figures were not noticeably affected by special items.

Revenues fell by 23 per cent from $22.3bn to $17.19bn in the quarter, and from $68.5bn to $57.4bn for the nine months, when the group earned $3.88bn or $5.36 a share, against $3.07bn or $4.03 previously.

Meanwhile Texaco, the big US oil group locked in a $11bn lawsuit with Pennzoil over its acquisition of Getty Oil, blamed the turmoil in world petroleum markets for its decline in the third quarter, when it earned $162m or 67 cents a share against $301m or $1.26 a share previously.

Mr John Mackminley, chairman and chief executive, said results were depressed due to extremely low crude oil and natural gas prices, particularly in the US.

Revenues fell from $11.3bn to $7.3bn in the quarter, and declined by 29 per cent from $35bn to $24.8bn in the nine months, when the group earned $675m or $2.81 a share compared with $926m or $3.83 a share previously.

CBS to sell education and music publishing interests

BY OUR NEW YORK STAFF

CBS, the US broadcasting and entertainment group, is to sell its educational and professional publishing interests for $500m, and has reached preliminary agreement on the disposal of its music publishing business.

The sale of the two operations follows only six weeks after the change of top management at CBS in which Mr Laurence Tisch, chairman of Loews, and a leading investor in the group with a 25 per cent stake, took over as chief executive. Earlier this week, the senior management in the publishing division left the company in a meve which reflected Mr Tisch's aim of reducing the number of management layers in the organisation.

The CBS educational and professional publishing division is being acquired by Harcourt Brace Jovanovich. Mr Tisch indicated that the proceeds of the sale may be used for the acquisition of more television stations, although the cash would also be applied to working capital.

No figure has been put on the value of the music publishing transaction, although CBS said last night that it expected to book a gain on the deal. The division is to be sold to Mr Stephen Swid, chairman of General Felt, who made a bid for the Sotheby's auction house three years ago, in collaboration with Mr Charles Koppelman and Martin Bandier.

Among the artists whose songs are owned by CBS are the Beatles, Michael Jackson and Barbra Streisand.

Elkem results slump to NKr149m loss

By Our Nordic Correspondent

ELKEM, the Norwegian metals, mining and manufacturing group, slumped to a pre-tax loss of NKr 149m ($20m) in the first nine months of the year from a profit of NKr 305m in the previous corresponding period.

Elkem said that the markets for aluminium, silicon metal and ferroalloys remained weak with very low prices.

Group turnover for the period dropped by 16 per cent to NKr 5.45bn from NKr 6.49bn.

The third quarter loss before extraordinary items was NKr 59m compared with a loss of NKr 62m in the second quarter and NKr 36m in the first quarter.

The second quarter was hit by currency losses

Higher yen hits Japanese electronics

BY YOKO SHIBATA IN TOKYO

TWO BIG Japanese consumer electronics companies yesterday reported steep earnings setbacks, brought about mainly by the effect of the yen's appreciation in eroding export profitability.

Toshiba suffered an 80 per cent decline in parent company pre-tax profits for the first half of its current financial year, while at Matsushita Electric Industrial—which has brands including National, Panasonic, Technics and Quasar—the nine-month result was a third lower for the group worldwide.

Unconsolidated pre-tax profits at Toshiba were Y12.42bn ($78m) in the six months to September, against Y62.03bn, a collapse which it blamed on the yen coupled with a slowdown in domestic demand.

Net earnings tumbled by 69 per cent to Y11.72bn, on turnover of Y1,176.28bn, down 11 per cent from a year earlier. Net profits per share fell to Y4.30 from Y14.27, but management has decided to keep the interim dividend at Y4 per share.

The yen's appreciation is estimated to have dragged down sales by Y80bn. By sector, meanwhile, heavy machinery sales declined 26 per cent overall due to the fall-off in deliveries of nuclear power generation equipment for the domestic market. Sales of home electric appliances dropped 8 per cent affected by slack exports to China.

Sales of video cassette recorders (VCRs) recovered by more than 20 per cent, however, while business in communications and electronic equipment such as word processors and personal computers showed a 3 per cent gain.

For the current half-year, the company foresees a mild upturn in its business environment, including a price recovery in semiconductors and favourable sales of computers and word processors. Full-year pre-tax profits are projected at Y40bn, down 50.3 per cent.

Matsushita and its group companies suffered a 31 per cent fall in net profits to Y128bn in the nine months ended August 20. Sales were down 10 per cent to Y3,342.2bn, and earnings per share fell to Y70.31 from Y102.36.

In the third quarter alone, net profits tumbled by 44 per cent to Y33.2bn, on turnover of Y1,048.3bn, down 15 per cent.

Video equipment showed a 21 per cent fall over the nine months, audio equipment sales dropped by 14 per cent, but home appliances remained at their earlier-year level.

For the full year, the group projected net profits at Y160bn, down 35 per cent, on sales of Y4,580bn, down 9 per cent.

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986 High	1986 Low
METALS					
Aluminium					
Free Market c.i.f.	$1270/290	—	$1010/30	$1465/1480	$1150/1170
Antimony					
Free Market 99.6%	$2550/650	—100	$2750/2850	$2720/2780	$2500/2550
Copper-Cash Grade A	£952.5	+11	£974.5	£1028.5	£862.25
3 months Grade A	£956.75	+10.5	£992.75	£1059.25	£881.25
Gold per oz	$411	—9.375	$326.25	$439.375	$327.5
Lead Cash	£315.5	+8	£276.5	£315.5	£233.5
3 months	£315.75	+9	£279.5	£313.75	£241.25
Nickel					
Free market	164/184c	+4	189/209c	196/216c	165/185c
Palladium	$127.50	—6.25	$101.75	$151.00	$95.25
Platinum per oz	$565.50	+5.25	$322.25	$673.75	$542.50
Quicksilver (76 lbs)	$150/170	—	$265/275	$260/260	$115/125
Silver per oz	397.10p	+12.25	431.75p	462.10p	317.70p
3 months per oz	407.65p	+12.30	443.30p	465.20p	325.60p
Tin					
Free market	£4,150/190	+265	‡	£5900/6250	£3,420/450
Tungsten Ind	$51.25	—	$70.75	$69.74	$50.08
Wolfram (22.04 lb)	$34/44	—	$62/66	$56/63	$32/42
Zinc cash	£619	+1.25	£446.5	£632.5	£409
3 months	£617.5	+1.75	£453.25	£621.75	£419.25
Producers	$920	—	$750	$920	$650/670
GRAINS					
Barley Futures Jan	£112.60	+2.35	£109.40	£118.60	£96.90
Maize French	£144.50	+.05	£138.50	£154.00	£130.00
WHEAT Futures Jan	£111.05	+1.75	£108.60	£121.45	£98.50
SPICES					
Cloves	$4,100	—100	$3400	$5,100	$4,100
Pepper white	$6,100	—200	$4500	$6,725	$4,600
black	$4,600	—100	$3850	$4,700	$3,600
OILS					
Coconut (Philippines)	$407.5z	—	$440	$440	$200
Palm Malayan	$310 z	+47.5	$380	$405	$197
SEEDS					
Copra (Philippines)	$225	+25	‡	$270	$140
Soyabeans (U.S.)	$161v	—	‡	$229.5	$157.5
OTHER COMMODITIES					
Cocoa Futures Mar	£1549	—2	£1751.5	£1,804.5	£1,284.5
Coffee Futures Jan	£2352.5	+100	£1708	£3,007.5	£1,551.5
Cotton Outlook A Index	51.10c	—0.65	‡	55.25c	36.35c
Gas Oil Fut. Dec.	$123.75	—1.5	$264.75	$252.75	$90.75
Jute LJA BWC grade	$250	—	$340	$320	$215
Rubber kilo	67p	—0.25	58p	68p	64p
Sisal No. 3L	$625	—	$600	$625	$590
Sugar (Raw)	$142z	+4	$126.5	$222.5	$115
Tea (quality) kilo	195p	+5	160p	202p	175p
(low med) kilo	135p	+3	108p	135p	80p
Wooltops 64s Super	412p kilo	+5	418p Kilo	438p kilo	387p kilo

† Unquoted. (g) Madagascar. (v) Nov. (y) Oct-Nov. (z) Nov-Dec. (r) Dec.

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	820-1	+3	819.5/819.5
3 months	831-2	+3	834/823

Official closing (am): Cash 819-9.5 (816.5-7), three months 830.5-1 (828.5-7), settlement 819.5 (817). Final Kerb close: 831.5-2.5. Turnover: 11,675 tonnes.

COPPER

Grade A	Unoffic'l close	+ or —	High/Low
Cash	952-3	—0.5	931/931
3 months	956.5-7	—1	960/952

Official closing (am): Cash 931-1.5 (928-8.5), three months 955-5.5 (953-3.5), settlement 931.5 (928.5). Final Kerb close: 957.5-6.5.

Standard			
Cash	913-5	+2.5	—
3 months	937-8	+0.5	938/935

Official closing (am): Cash 910-2 (906.5-7), three months 935-6 (932-5), settlement 912 (907). US Producer prices 63-66.5 cents per pound. Total Turnover: 22,925 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	315-6	+2	
3 months	313.5-4	+3	317/308

Official closing (am): Cash 314-4.5 (312-2.5), three months 311.5-2 (310.25-10.5), settlement 314.5 (312.5). Final Kerb close: 317-17.5. Turnover: 29,425 tonnes. US Spot: 24-28 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2560-65	+25	2550/2550
3 months	2610-5	+28	2615/2601

Official closing (am): Cash 2,550-2 (2,531-2), three months 2,602-4 (2,585-8), settlement 2,552 (2,532). Final Kerb close: 2,612-15. Turnover: 1,026 tonnes.

TIN

KUALA LUMPUR TIN MARKET—Close: 15.01 (14.88) ringgit per kg. Up 0.13

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	618-20	+4	—
3 months	617-8	+4.75	618/606

Official closing (am): Cash 615-7 (614-4.5), three months 615-6 (611.5-2.5), settlement 617 (614.5). Final Kerb close: 618-18.5. Turnover: 18,150 tonnes. US Prime Western: 44-50.75 cents per pound.

GOLD

Gold fell $13¼ to $410¾-411¼ on the London bullion market yesterday. It opened at $412¼-412¾ and was fixed at $413 in the morning and $410.50 in the afternoon. The metal touched a peak of $414½-415 and a low of $409¾-410.

GOLD BULLION (fine ounce) Oct. 24		
Close	$410¾-411¼	(£291-291½)
Opening	$412¼-412¾	(£289¾-290¼)
M'n'g fix	$413.00	(£291.461)
Aft'n'n fix	$410.50	(£290.311)

GOLD AND PLATINUM COINS		
Kr'g'rnd	$410-413	(£290¼-292½)
½ Krug	$208½-210½	(£148¼-149)
¼ Krug	$106-107	(£75-75¾)
1/10 Krug	$45½-46½	(£32¼-33)
Mapleleaf	$421-424¼	(£298¼-300½)
Angel	$419-422	(£296¾-298¾)
1/10 Angel	$44-47	(£31¼-33¼)
New Sov	$97-99	(£68¾-70)
Old Sov	$98-99½	(£69½-70½)
$20 Eagle	$490-540	(£347-382½)
Noble Plat	$578¾-589¾	(£409¾-417¾)

SILVER

Silver was fixed 9.2p an ounce lower for spot delivery on the London bullion market at 397.1p. US cent equivalents of the fixing levels were: Spot 562.1c, down 16.9c; three-month 570.05c down 17.1c; six-month 578-35, down 17.35c; and 12-month 594.2c, down 19.4c. The metal opened at 392¾-393½p (559-560c) and closed at 400-401½p (565-567c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	397.10p	—9.20	400p	—6
3 months	407.65p	—9.75	410p	—6
6 months	418.90p	—9.75	—	
12 months	439.15p	—11.45	—	

LME — Turnover: 1 (11) lots of 10,000 oz.

Three months high 405p, low 403p, final kerb 409-11p.

INDICES

REUTERS

Oct. 24	Oct. 23	M'th ago	Year ago
1586.5	1579.9	1546.5	1711.6

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct 23	Oct 22	M'th ago	Year ago
Spot	121.72	122.48	—	117.09
Fut	120.86	121.75	—	120.53

(Base: December 31 1931=100)

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 92.19p per kg lw (—0.76). GB—Sheep 132.39p per kg est d c w (+8.77). GB—Pigs 77.88p per kg lw (+3.04).

FUTURES—Live cattle: Oct 95.30; sales—4. Pigs: Oct 101.70; sales—1. Pigmeat: 112.30; sales—10.

POTATOES

The market was quiet with some buying interest attracted by forecasts of poor weather over the weekend and stronger Dutch futures, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov	105.80	107.30	107.00-105.50
Feb	117.00	117.50	117.50
Apr	165.80	163.20	167.00-162.00
May	182.00	182.00	180.00
Nov	85.50	83.00	—

Sales: 492 (778) lots of 40 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $142.00 (£100.00), down 50c (down 50p) a tonne for Nov-Dec delivery. White sugar $181.00, down $3.50.

No. 6 Contract	Yest'rdy's close	Previous close	Business done
	$ per tonne		
Dec	159.0-159.8	157.0-159.0	140.2-159.0
Mar	151.4-151.8	152.2-152.8	154.9-150.8
May	155.6-156.0	155.2-156.6	158.6-155.8
Aug	160.2-160.6	160.4-161.0	165.0-160.0
Oct	164.0-164.8	164.8-165.0	168.0-164.4
Dec	169.0-169.4	169.0-172.0	—
Mar	176.4-177.0	178.0-180.0	—

Sales: 967 (1,381) lots of 50 tonnes.

Tate & Lyle delivery price for granulated basis sugar was £203.50 (£202.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for October 23: Daily price 5.73 (5.79); 15-day average 5.34 (5.26).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Oct.	779/785	782/780	780/784
Jan.	762/764	764/763	763/766
April	801/804	802/800	805/815
July	716/725	719	714/720
Oct.	820/825	821	815/822
Jan.	790/825	—	790/820
Apr.	900/940	—	900/940
July	810/840	—	810/825
BFI.	784.5		788

Turnover: 72 (63).

	Close	High/Low	Prev.
Tankers			
Oct.	785/830	800	780/820
Nov.	930/980	—	900/940
Dec.	925/970	—	920/975
Mar.	935/970	—	915/975
June	945/975	—	930/1000
BTI.	793.5		776.5

Turnover: 12 (16).

OIL

Trade in Brent was negligible. Dubia sold at $13.10 for the second-half of November and around $13.50 for December. December WTI opened unchanged on Nymex and traded 3c down at 1.30 EDT. In the petroleum products market gasoline and gas oil prices continued to fall on the weak fundamentals. Naphtha remained firm on good buying interest for prompt availabilities—Petroleum Argus, London.

	Latest	Chang + or —
CRUDE OIL—FOB ($ per barrel)—Nov.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	13.00-13.10	—0.425
Brent Blend	13.90-14.00	—0.10
W.T.I. (1pm est)	14.95-15.00	+0.125
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	158-161	—2
Gas Oil	115-117	—1
Heavy fuel oil	67-68	—
Naphtha	123-124	+0.5

NEW YORK

PRECIOUS METALS closed marginally off session lows, reports Heinold. Trading was described as quiet by market participants. A stronger US dollar against foreign currencies and lower oil prices were major pressuring forces in the market. Coffee futures closed higher with trading mixed as traders were nervous about chart uncertainty. A combination of trade short-covering and scale-up selling with *locals going in both directions* created a choppy session There were no fundamental developments to give the market direction. The market is trying to build support around the 170 c level, basis December, with buy stops being set just under this level. However, extent of buying interest at this level remains uncertain

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
Oct	51.05	51.05	51.05	51.65
Nov	51.20	51.20	51.20	51.80
Dec	51.40	51.90	51.40	52.00
Jan	51.45	51.45	51.45	52.05
March	51.70	51.80	51.70	52.30
May	51.95	51.95	51.95	52.55
July	52.20	52.20	52.20	52.80
Sept	52.40	52.40	52.40	53.00
Dec	52.50	52.50	52.50	53.10
Jan	52.70	52.70	52.70	53.30

COCOA 10 tonnes, $/tonne

	Close	High	Low	Prev
Dec	1962	1975	1938	1964
March	1990	2005	1972	1993
May	2007	2035	2002	2025
July	2037	2037	2025	2038
Sept	2062	2062	2052	2061
Dec	2072	2085	2080	2081
March	2092	—	—	—

COFFEE "C" 37,500 lb, cents/lb

	Close	High	Low	Prev
Dec	180.67	181.50	177.50	176.13
March	175.10	177.25	173.00	172.13
May	176.31	176.58	173.50	172.58
July	176.38	178.00	174.50	174.68
Sept	175.75	176.50	175.00	172.50
Dec	176.75	—	—	173.50
March	175.00	—	—	173.25

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Oct	59.50	59.50	59.50	60.15
Nov	59.60	59.60	59.60	59.80
Dec	59.80	60.30	59.70	60.55
Jan	60.05	60.05	60.05	60.65
March	60.35	60.70	60.10	60.90
May	60.60	61.10	60.75	61.35
July	61.05	61.35	61.00	61.60
Sept	61.30	61.60	61.30	61.85
Dec	61.85	62.20	61.85	62.40
Jan	62.00	62.00	62.00	62.55

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	44.78	45.25	44.35	45.75
March	45.45	45.90	45.00	46.30
May	46.00	46.50	45.90	46.92
July	46.55	47.15	46.50	47.40
Oct	47.95	48.50	47.95	48.70
Dec	48.35	49.05	48.35	49.27
March	49.12	49.25	49.00	49.58
May	49.52	—	—	50.25

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrel

	Latest	High	Low	Prev
Dec	15.03	15.20	14.95	15.08
Jan	15.27	15.36	15.18	15.27
Feb	15.31	15.45	15.25	15.35
March	15.35	15.40	15.20	15.32
April	15.31	15.38	15.20	15.34
May	15.28	15.35	15.25	15.35
June	15.20	15.20	15.20	15.36
July	15.35	15.35	15.25	15.37

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	High	Low	Prev
Nov	40.10	40.80	39.90	40.27
Dec	41.60	42.30	41.35	41.68
Jan	42.83	43.45	42.60	42.86
Feb	43.65	44.10	43.35	43.62
March	42.65	43.10	42.45	42.62
April	41.70	41.75	41.40	41.62
May	41.00	41.10	40.50	40.70
June	40.40	—	—	40.20
July	40.40	—	—	40.35

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	407.5	413.0	408.0	415.1
Nov	407.9	407.9	407.9	415.7
Dec	409.7	415.5	409.0	417.5
Feb	413.1	419.5	413.0	421.0
April	416.3	422.5	416.3	424.2
June	419.7	426.3	419.0	427.8
August	423.4	430.0	423.4	431.6
Oct	427.1	430.5	425.0	435.4
Dec	431.0	438.0	430.0	439.4
Feb	435.3	441.0	434.5	443.8
April	439.7	439.7	439.7	448.3
June	444.2	444.2	444.2	452.9
August	449.0	449.0	449.0	457.6

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	116.20	116.20	115.40	115.85
Jan	117.30	117.50	116.40	117.15
March	117.15	117.30	116.25	117.10
May	117.35	117.25	117.00	117.25
July	117.00	117.25	117.00	117.25
Sept	118.35	117.80	117.70	117.90
Nov	118.60	117.80	117.80	117.90
Jan	118.80	—	—	117.90
March	118.90	—	—	117.90

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Oct	563.4	570.0	564.5	562.9
Dec	568.2	—	—	567.9
Jan	568.2	576.5	565.0	567.9
April	572.1	580.5	570.0	572.1
July	576.9	584.5	577.5	576.9
Oct	581.4	—	—	581.4
Jan	585.9	—	—	585.9

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Oct	562.9	562.9	561.0	565.2
Nov	563.6	563.6	563.6	560.5
Dec	566.0	572.5	561.6	568.5
Jan	568.8	570.0	568.8	571.3
March	574.2	581.0	570.5	576.8
May	579.7	585.5	578.0	582.5
July	585.5	593.0	584.0	588.5
Sept	591.6	592.0	591.5	594.7
Dec	601.0	608.5	600.0	604.2
Jan	604.5	604.5	604.5	607.8

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	6.37	6.42	6.38	6.48
March	6.75	6.95	6.73	6.83
May	6.91	7.11	6.90	7.02
July	7.08	7.25	7.08	7.16
Sept	7.18	—	—	7.28
Oct	7.33	7.49	7.33	7.38
Jan	7.58	—	—	7.63
March	8.00	8.00	8.00	7.98

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	57.60	57.72	57.50	57.55
Feb	55.60	56.02	55.52	55.85
April	56.37	56.70	56.25	56.55
June	56.20	56.45	56.00	56.27
August	55.27	55.27	55.00	55.25
Oct	54.05	54.15	54.00	54.05

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	51.95	52.40	51.85	52.20
Feb	48.92	49.42	48.85	49.10
April	44.42	44.85	44.25	44.60
June	46.85	47.10	46.70	46.87
July	46.55	46.80	46.52	46.60
August	45.00	45.80	45.00	45.40
Dec	43.45	43.50	42.57	43.25
Feb	43.05	—	43.05	43.10

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	173.6	174.0	170.0	169.6
March	181.6	182.4	179.6	179.4
May	186.6	187.2	185.0	184.6
July	189.0	189.4	187.2	187.2
Sept	190.0	190.6	189.2	189.0
Dec	192.6	194.0	192.2	192.2
March	200.4	201.4	200.4	200.4

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	66.65	67.90	66.60	66.77
March	65.62	66.65	65.55	65.85
May	65.82	66.45	65.75	65.82
July	65.02	65.25	64.80	64.75
August	62.42	62.60	62.00	62.17

SOYABEANS 5,000 bu min, cents/60lb bushel

	Close	High	Low	Prev
Nov	486.6	489.0	484.0	485.2
Jan	491.0	492.4	486.0	489.0
March	496.2	498.0	493.0	493.2
May	502.6	504.0	498.4	501.0
July	505.2	507.0	502.0	504.0
August	504.0	506.4	501.4	503.0
Sept	498.0	499.0	486.4	494.4
Nov	599.6	501.0	495.0	496.0

SOYABEAN MEAL 100 tons, $/ton

	Close	High	Low	Prev
Dec	148.8	149.3	147.9	148.4
Jan	149.5	149.9	148.8	149.1
March	150.3	150.8	149.4	150.0
May	151.2	151.4	150.0	150.7
July	151.7	152.0	150.5	151.7
August	152.3	152.3	151.0	151.6
Sept	150.7	—	—	151.0
Oct	151.4	—	—	151.5
Dec	152.4	—	—	152.2

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	15.07	15.13	14.94	15.13
Jan	15.18	15.25	15.07	15.28
March	15.40	15.50	15.25	15.48
May	15.52	15.65	15.49	15.60
July	15.67	15.78	15.61	15.75
August	15.70	15.70	15.55	15.72
Sept	15.57	15.65	15.55	15.65
Oct	15.51	15.56	15.50	15.61

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	288.0	288.2	284.0	286.6
March	274.2	274.4	270.4	273.2
May	257.4	257.6	255.0	257.0
July	243.4	243.4	241.4	242.4
Sept	243.0	243.2	241.4	242.4
Dec	249.4	250.0	249.4	249.4

SPOT PRICES—Chicago loose lard 16.00 (17.50) cents per pound. Handy and Harman silver bullion 568.0 (577.0) cents per troy ounce.

SOYABEAN MEAL

	Y'sterd'ys close	+ or —	Business done
	£ per tonne		
Dec	152.9-155.4	—0.25	155.2-155.9
Feb	154.5-155.5	—0.10	155.2
April	155.5-156.5	—0.50	155.5
June	152.5-154.5	—0.20	—
August	153.9-154.5	—0.50	—
October	154.0-158.0	—	—
Dec	154.6-158.0	—	—

Sales: 280 (325) lots of 20 tonnes.

GAS OIL FUTURES

Month	Yest'rdy's close	+ or —	Business Done
	US $ per tonne		
Nov	118.50	—1.75	119.50-18.00
Dec	123.75	—1.50	124.25-23.00
Jan	127.50	—1.50	128.25-27.00
Feb	130.25	—1.25	130.50-30.00
Mar	126.00	—3.00	128.50-25.00
Apr	124.00	—2.75	127.00-24.00

Turnover: 1,768 (2,921) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yest'rdy's close	+ or —	Business Done
	US $ per tonne		
Nov	70.00	—1.00	70.00
Dec	71.00	—1.00	71.00
Jan	75.00	+1.00	—
Feb	74.00	—	—

Turnover: 15 (64) lots of 100 tonnes.

LEADED GASOLINE

Month	Yest'rdy's close	+ or —	Business Done
Nov	158.00	—5.25	—
Dec	—	—	—
Jan	—	—	—
Feb	—	—	—

Turnover: 0 (0) lots of 100 tonnes.

COCOA

Trade was again fairly light and within an £18 range. Physicals were restricted to light secondhand products business, reports Gill and Duffus.

COCOA	Yesterday's close £ per tonne	+ or —	Business Done
Dec	1511-1513	+7.5	1513-1502
March	1548-1550	+4.5	1555-1535
May	1570-1572	+2.5	1579-1560
July	1590-1593	+4.0	1595-1589
Sept	1610-1614	+2.5	1607-1601
Dec	1643-1644	+8.0	1645-1635
March	1669-1674	+9.5	—

Sales: 1,805 (1,620) lots of 10 tonnes.

ICCO indicator prices (US cents per pound). Daily price for October 24: 93.28 (93.71); five-day average for October 27: 93.66 (92.88).

GRAINS

WHEAT Mnth	Yesterday's close	+ or —	BARLEY Yest'rdy's Close	+ or —
Nov	107.80	+0.15	110.00	+0.75
Jan	111.05	+0.55	112.60	+0.75
Mar	113.40	+0.25	114.50	+0.58
May	115.30	+0.55	116.00	+0.50
July	117.50	+0.75	—	—
Sep	101.75	—	101.70	—
Nov	104.30	+0.15	104.00	—0.15

Business done—Wheat: Nov 108.30-7.85, Jan 111.40-10.85, March 113.85-3.30, May 115.60-5.10, July 117.50, Sept 101.75, Nov untraded. Sales: 681 lots of 100 tonnes. Barley: Nov 110.00-7.80, Jan 112.60-2.50, March 114.50-4.00, May, Sept and Nov untraded. Sales: 315 lots of 100 tonnes.

LONDON GRAINS—Wheat: US Dark Northern Spring No. 1, 15 per cent: Nov 105.75, Dec 106.00. US No. 2 Soft Red Winter: Nov 112.00, Dec 114.00. French 11½-12 per cent: Oct 132.50. English feed, fob: Nov 113.00-113.50, Dec 114.00-114.50-114.75, Jan/Feb/March 117.00-116.50 paid East Coast, Nov 113.00 sellers, Dec 114.50 buyer/sellers, Jan/March 117.00 sellers East Coast. Maize: US No. 3 Yellow/French transhipment East Coast: Oct 144.50. Barley: English feed, fob: Jan/March 118.00 seller.

HGCA — Locational ex-farm spot prices. Feed barley: E. Mids 108.10, N. East 109.20, Scotland 107.30. The UK monetary coefficient for the week beginning Monday November 3 (based on HGCA calculations using 3 days' exchange rates) is expected to remain unchanged.

COFFEE

After opening slightly higher good dealer buying pushed levels through two-week highs, encouraging short-covering and light fresh buying. By early afternoon prices had posted gains of up to £105, basis January. Profit-taking took levels £30 lower by mid-afternoon but with renewed dealer and commission house buying on the close levels closed just off the highs.

COFFEE	Yesterday' close	+ or —	Business Done
Nov	2345-2350	+70.0	2375-2295
Jan	2350-2355	+85.0	2375-2290
Mar	2240-2250	+67.5	2285-2190
May	2240-2250	+67.5	2250-2195
July	2235-2250	+70.0	2250-2210
Sept	2235-2250	+75.0	2250-2200
Nov	2230-2260	+65.0	—

Sales: 14,618 (7,030) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for October 23: Comp. daily 1979 159.17 (157.36); 15-day average 153.78 (154.42).

RUBBER

PHYSICALS — The London market opened about unchanged, met considerable selling pressure throughout the day and closed quiet and easier, reports Lewis and Peat. Closing prices (buyers): Spot 67.00p (same); Nov 66.00p (65.75p); Dec 66.00p (65.75p). The Kuala Lumpur fob prices (Malaysian cents a kilo): RSS No. 1 231.5 (232.0) and SMR 20 206.0 (207.0).

FUTURES—Index 609, Nov 665-675, Dec 665-675, Jan/March 675-685, April/June 685-695, July/Sept 687-699. Sales: Nil.

WORLD STOCK MARKETS

WALL STREET

Prices slip as mood changes

STOCK PRICES inched lower on Wall Street yesterday in a market that was consolidating from Thursday's broad advance. With Bond prices easing, and a few dramatic Corporate earnings reports to fuel stocks, most activity again rested with stocks associated with real, or rumoured, takeover activity.

The Dow Jones Industrial Average finished 2.67 off at 1832.26, for a loss of 4.78 on the week despite the strong 26.58 rally Thursday. The NYSE All Common index, at $137.28 shed 48 cents on the day and 20 cents on the week. Declines led advances 847-to-700 in a volume of 137.48m (150.94m) shares.

"There was nothing unusual in the way this market reacted yesterday," Alfred Goldman of A. G. Edwards and Sons said.

Goldman said the sentiment about the economy "is neutral and turning negative."

He said that Thursday's report of a 4.9 per cent rise in new orders for durable goods in September helped the market "but there is not much evidence that the economy is turning around."

Transworld, the most active, rose $4⅝ to $39⅛—it said that entities associated with Ronald O. Perelman, who took control of Revlon last year, acquired about 15 per cent of Transworld's outstanding Common stock.

Goodyear Tire moved up $1⅞ to $44⅛—it engaged agents to study restructuring of assets and/or capital structure of the corporation.

Allied Stores lost $⅜ to $66⅛ in heavy trading — Canada's Campeau Corp claimed victory in the battle for control of Allied Stores when it announced that it bought a block of 25.8m shares through Jeffries and Co, making it the majority shareholder. Allied claimed that Campeau violated securities laws by making an illegal tender offer.

Texaco improved $⅞ to $36¼, despite sharply lower net income for the third quarter. Pennzoil came back $3⅛ to $69⅞.

Most other Oils were under modest pressure, despite slightly higher oil prices.

Exxon held unchanged at $66⅛—it reported net earnings of $1.46 ($1.33) a share, or $1.06bn ($955m) in the third quarter.

THE AMERICAN SE Market Value index shed 0.21 to 262.32, making a loss of 0.84 on the week. Volume 9.63m shares.

CANADA

Stocks slipped to close lower in active trading after a mixed performance for most of the session.

The Toronto Composite index edged down 6.8 to 3,007.10. Oil and Gas 15.5 to 2,683.6 and Golds lost 75.8 to 4,993.5.

TOKYO

Stocks fell after their rebound Thursday as investors were depressed over the lack of participation in the market by institutional investors.

The Nikkei Dow Market Average eased 24.27 to 16,284.00, after gaining a one-day record 488.72 Thursday. Turnover 580m (540m) shares.

The Average surged in the morning on buying of export-related issues due to the weaker yen, but investors were not convinced the market would continue to climb and sold off Securities, Gas, Real Estate, Life Insurance, Transport, Oil and other shares.

Electronics peaked early with plenty of people ready to sell.

Former market-leading Steel, Shipbuilding and other "large capitalisation" issues, which have plummeted 30 to 40 per cent since August's peak, came under further selling pressure.

However, an analyst at a major securities house said the selloff of "large capitalisation" issues was nearly complete. He said the weaker yen will boost export-related issues and keep the market average flat, or slightly higher, over the near-term.

Power Utilities, which underwent a technical rebound Thursday, fell Friday. Tokyo Electric, which soared over Y400 Thursday, plunged Y650 to 6,000 yesterday. Chubu Electric, Kansai Electric and Tokyo Gas were down sharply.

SINGAPORE

Generally higher on some speculative buying and short-covering in moderate trading.

After a slow morning session, prices and trading picked up in late afternoon as demand rose for Blue Chips and Trustee stocks. But major operators were still cautious ahead of the Malaysian budget yesterday afternoon.

The Straits Times Industrial index rose 7.30 to 901.74 and the SE All Share index 2.12 to 279.24. Turnover 21.6m (28.6m) shares.

Sealion Hotel, up 5 cents at 70 cents, topped the actives with a turnover of 1.7m shares.

AUSTRALIA

Generally easier, although off their lows.

Golds bore the brunt following a sharp fall in bullion prices overnight. Elsewhere, selling volumes were relatively thin with Blue Chip Industrials and Metals falling victim to scattered profit-taking for the second successive day.

The All Ordinaries Index eased 5.0 to 1,3262.3, after touching 1,354.6. The Gold index fell 42.4 to 1,061.0, the All Industrials shed 4.5 to 2,129.9, All Resources 5.5 to 780.8, Metals and Minerals 5.6 to 697.9, Oil and Gas 5.7 to 575.0 and Solid Fuels 10.3 to 518.0.

Volume 125.21m (115.25m) shares valued at A$201.92m (A$155.78m). Falls led rises by three-to-two.

Turnover figures were boosted by options-related trade in BHP, up 4 cents at A$8.64.

Mines closed mixed after early selling pressure encouraged by the stronger currency, gave way to selective bargain hunting.

Aberfoyle lost 20 cents to A$110.80.

Gold stocks were generally weaker, with Central Norseman down 50 cents to A$15.20, Poseidon and Strategic each fell 30 cents to A$4.30 and A$2.50 respectively, while Renison continued to attract buyers and rose 30 cents to a record A$9.30.

GERMANY

Share prices ended a lively session mainly near the day's highs, pulled by a resurgent export sector as sentiment grew that the dollar may have bottomed out.

Dealers said Cars, Chemicals, Engineerings and Blue-Chip Electrical Siemens, up DM 9 at 691, were the major beneficiaries of the stronger dollar.

Banks also recovered but uncertainty over the solvency of the Neue Heimat housing group continued to dog prices.

The Commerzbank index of 60 leading shares here, set at mid-session, rose a strong 28.9 to 1,968.40.

PARIS

French shares firmer but off the day's highs. Advances led declines by 154 to 32.

Dealers said investors were back in the market in force, spurred by the opening day of the new Bourse month, Wall Street's overnight recovery, plus the half-point cut in the Call Money rate to 7 per cent.

Foreign stocks were also better, with 47 gains and 16 declines. Americans, Germans, Japanese and Oils were firmer.

AMSTERDAM

Dutch shares firmer amid increased turnover. Dealers cited the rise of the dollar and Wall Street's encouraging start as the factors aiding trade.

Internationals also ended firm, Royal Dutch excepted, which eased 30 cents to Fl 199 on news of lower Shell Oil Co third quarter earnings due to the drop in oil and gas prices.

Unilever were in demand and climbed Fl 7.5 to 477.

STOCKHOLM

Higher in firm trading reflecting hopes, which also pushed down interest rates on the domestic credit market, that the month-long Public Sector strikes will end shortly.

Turnover surged to SKr 441m (SKr 408m). Advances outpaced declines by a margin of five-to-one.

CANADA

Stock	Oct. 24	Oct. 23
AMCA Intl	12	12¾
Abitibi	24½	24¼
Agnico Eagle	26⅛	26⅝
Alberta Energy	11⅝	11⅝
Alcan Aluminium	44⅛	44¼
Algoma Steel	14	14⅛
Bank Montreal	33⅝	33¾
Bank NovaScotia	16¼	16
BCE	36⅝	36¼
Bombadier A	14¾	14
Bow Valley	11¼	11⅜
B.P Canada Res	34¼	34¼
Brascan A	26⅝	27¼
BC Forest	13¾	13½
CIL	27½	27⅝
Cadillac Fairview	32¾	32⅞
Cambell Red L	27	27¼
Can. Cement Pt.	13⅜	13⅜
Can. NW Energy	13½	13¾
Can. Packers	15¾	15¾
Can. Trustco	48½	48
Can-Imp. Bank	18⅞	19⅛
Can Pacific	15½	15½
Can Tire C	14⅞	14½
Canfor	14½	14⅝
Carling O'Kfe	13¼	13¼
Chieftain	8⅞	8½
Cominco	13⅛	13¼
Coniagas Mines	5¼	5.25
Cons. Bathst. A	24½	24½
Coremark Int	6¾	6⅝
Costain	11¾	12
Denison Mines	5¾	6
Dofasco Inc	24¼	24¼
Dome Mines. A	9	9⅜
Dome Petroleum	1.17	1.20
Domtar	31⅝	31½
Falconbridge	17¾	17¾
Fed. Inds. A	17¾	17⅞
Gandis A	17½	17⅛
Giant Y'knife	20¾	21
Gt. West Life	7.60	7.60
Gulf Canada	13⅞	14
Hawker Sid. Can	26¾	26¾
Hudson's Bay	24⅛	24⅜
Husky Oil	9	9
Imasco	33¾	33¾
Imperial Oil A	44⅞	44⅞
Inco	17⅛	17½
Indal	13¼	13½
Interprov. Pipe	39¼	39½
Labatt (John)	21¾	21½
Lac Minerals	24¼	24⅝
Laurentian Grp.	10½	10½
Loblaw	12⅝	12½
Macmil Bloedel	39	39
Magna Int	28¼	28¼
McIntyre Mines	38	38
Mitel Corpn	6½	6½
Molson A	24¼	24½
Moore. Corp	29½	29½
Nat. Bank Can	27⅞	27⅞
Noranda Inc	19⅝	19⅜
Norcen Energy	13⅞	13⅞
Nth. Telecom	42¼	41⅞
Nova Alberta	6¾	5⅞
Numac Oil & G	9	9¼
Oakwood Pet	2.50	2.60
Pancan Pet	24	23¾
Placer Dev	30¼	30¾
Power Corp	16⅛	16¼
Quebec Sturgeon	4.90	6¼
Ranger Oil	5½	5⅝
Reed Stenh'se A	50	50
Rio Algom	21	21
Royal Bank Can	33½	33½
Royal Trust A	30¾	30⅝
Sceptre Res	2.65	2.65
Seagram	84⅜	84⅞
Sears Can. A	10⅝	11¼
Shell Can. A	22½	23¼
SHL System'hse	29½	29½
Shelco A	22½	23
Teck B	24⅛	24¼
Texaco (Canada)	28¼	28¾
Thomson News A	28½	28¾
Toronto Dom. Bk	22¾	22⅞
Transalta A	28	27⅞
Trans. Can. Pipe	15¾	16⅜
Varity Corp	2.72	2.74
Walker Hiram	36⅜	36½
W'coast Trans	13¾	13¾
Weston (Geo)	30⅞	30½

AUSTRIA

Oct. 24	Price Sch	+ or −
Credit'nst'lt pp	2,270	
Goesser	5,230	
Interunfall	13,100	+100
Jungbunzlauer	11,400	−600
Laenderbank	2,220	−25
Perlmooser	635	+5

GERMANY

Oct. 24	Price Dm.	+ or −
AEG	319.5	−0.5
Allianz Vers	2,180	+85
BASF	274.5	+6.5
Bayer	291.5	+5
Bayer-Hypo	565	+8
Bayer-Verein	513	+6
BHF-Bank	610	

NORWAY

Oct. 24	Price Kroner	+ or −
Bergens Bank	176.5	+0.5
Borregaard	355	
Christiana Bank	197	−3
Den Norske Cred.	164.5	
Elkem	98	−6
Kosmos	148.5	+2.5
Kvaerner	165.5	−4.5
Norcem	127	+2

AUSTRALIA (continued)

Oct. 24	Price Aust. $	+ or −
Gen. Prop. Trust	2.63	−0.02
Hardie (James)	3.86	
Hartogen Energy	2.6	+0.12
Herald W'yTimes	7.66	
ICI Aust	2.7	
Industrial Equity	6.34xr	+0.04
Jimberlana F.P.	0.35	−0.01
Kia Ora Gold	0.19	

JAPAN (continued)

Oct. 24	Price Yen	+ or −
MHI	405	−26
Mitsui Bank	1,060	−10
Mitsui Co.	490	−32
Mitsui Estate	1,400	−200
Mitsui Toatsu	295	+15
Mitsukoshi	1,040	
NGK Insulators	870	+10
Nikko Sec.	1,320	+20

NEW YORK INDICES

	Oct. 24	Oct. 17	Oct. 10	Sept. 26	Year ago (approx)
Dow Industrial	3.73	3.82	3.36	3.87	4.50

	Oct. 15	Oct. 8	Sept. 24	Sept. 17	
S and P Industrial	3.07	3.09	3.09	3.16	3.75
S and P Ind. P/E ratio	17.08	16.94	16.89	16.58	12.64

TRADING ACTIVITY

Millions Volume †	Oct. 24	Oct. 23	Oct. 22
New York	157.48	150.94	113.99
Amex	9.65	10.34	8.36
O.T.C.	(u)	112.52	98.11

New York	Oct. 24	Oct. 23	Oct. 22
Issues Traded	1,986	1,982	1,988
Rises	700	1,098	788
Falls	847	486	722
Unchanged	439	398	478
New Highs	—	47	33
New Lows	—	25	15

CANADA

TORONTO	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	1986 High	1986 Low
Metals & Minerals	2113.69	2114.7	2113.9	2115.9	2130.7	2442. (21/6)	1917.4 (5/8)
Composite	3007.1	3014.0	3021.6	3016.5	3023.1	312 .1 (16/4)	2764.0 (17/2)
MONTREAL Portfolio	1527.2	1530.9	1527.5	1525.2	1528.3	1625 3 (16/4)	1388.8 (22/1)

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Transworld	5,620,300	39⅛	+4⅝
Goodyear Tire	4,184,500	44⅛	+1⅞
Travelers	2,841,000	44¼	−¾
Chase M'hattan	2,535,800	36⅛	+⅛
USX	2,368,500	26	−⅛
Philips Petrlm.	2,188,800	10	−⅛
Ma-Com Inc	2,157,900	12½	−⅛
Allied Stores	1,786,400	66⅛	−⅜
Texaco	1,723,800	36¼	+⅞
TWA	1,543,400	25⅛	−⅛

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CURRENCIES & MONEY

FOREIGN EXCHANGES

Strong demand for dollar

DEMAND FOR the dollar was strong on the foreign exchanges yesterday, as the market continued to take a favourable view of this week's US economic data, including third-quarter GNP growth, and September durable goods orders. Dealers noted heavy buying of the dollar in Tokyo by Japanese institutions, for investment in US Treasury bonds. The dollar rose to DM2.0320 from DM1.9945; to SFr1.6730 from SFr1.6480; to FFr6.6425 from FFr6.53; and to Y161.35 from Y158.15.

On Bank of England figures the dollar's index rose to 111.5 from 109.9.

STERLING—Trading range against the dollar in 1986 is 1.5555 to 1.3700. September average 1.4711. Exchange rate index rose 0.4 to 67.9, compared with 76.4 six months ago.

Sterling was rather volatile, losing ground to the strong dollar, but improving against the D-Mark and other major currencies. The pound rose sharply with the dollar in early trading, but then fell back, as economic fundamentals continued to worry the market. As dealers remained concerned about the prospects for the UK balance of payments, after the disappointing September trade figures, sterling began to retreat, but then stabilised and finished on a reasonably firm note against currencies other than the dollar. The pound fell 1.10 cents to $1.4125-1.4135, but rose to DM2.87 from DM2.84; to FFr9.3850 from FFr9.2975; to SFr2.3650 from SFr2.34; and to Y228 from Y225.25.

D-MARK—Trading range against the dollar in 1986 is 2.4710 to 1.9740. September average 2.0486. Exchange rate index 141.8 against 135.5 six months ago.

The D-Mark lost ground to the dollar, in reaction to this week's better than expected economic data, and a follow on from the decline of the yen, as Japanese investors in US bonds bought dollars. The Bundesbank did not intervene when the dollar rose to DM 2.0239 from DM 1.9903 at the Frankfurt fixing.

JAPANESE YEN—Trading range against the dollar in 1986 is 202.70 to 152.35. September average 154.67. Exchange rate index 207.4 against 202.2 six months ago.

The yen fell sharply against the dollar, as the trend, which had gathered pace in New York, continued in Tokyo. Demand for the dollar by Japanese institutions, for investment in US Treasury bonds, was boosted by the September US durable goods data, published Thursday. This led previous forward sellers of the dollar to buy back to stop losses. The US currency rose to a peak of Y162.50 in Tokyo, before closing at Y161.00, compared with Y156.35 previously.

£ IN NEW YORK

Oct 24	Close	Previous Close
£ Spot	1.4125-1.4135	1.4230-1.4240
1 month	0.63-0.62 pm	0.64-0.62 pm
3 months	1.85-1.83 pm	1.88-1.86 pm
12 months	6.45-6.35 pm	6.40-6.30 pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST THE POUND

Oct. 24	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.4080-1.4290	1.4125-1.4135	0.63-0.60c pm	5.22	1.86-1.81c pm	5.19
Canada	1.9585-1.9815	1.9595-1.9605	0.50-0.42c pm	2.82	1.37-1.25 pm	2.67
Netherlands	3.2205-3.2596	3.24-3.25	1⅝-1⅜c pm	5.55	4¾-4½ pm	5.70
Belgium	59.15-59.83	59.65-59.75	21-18c pm	3.92	61-54c pm	3.85
Denmark	10.74¼-10.84½	10.78¾-10.79¾	1⅝-⅞ore pm	1.39	4¼-3⅝ pm	1.60
Ireland	1.0485-1.0605	1.0520-1.0530	0.20-0.45p dis	−3.71	0.65-1.25 dis	−3.61
W Germany	2.85½-2.88¼	2.86½-2.87½	1¾-1½pf pm	6.27	4⅞-4⅝ pm	6.62
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−5.26

Belgian rate is for convertible francs. Financial franc 59.95-60.05. Six month forward dollar 3.59-3.54c pm. 12 month 6.40-6.30c pm.

STERLING INDEX

CURRENCY RATES

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

Saudi Ar.	5.2925-5.3025	3.7495-3.7500
Singapore	3.0850-3.0925	2.1870-2.1890
S. Af. (Cm)	3.2065-3.2305	2.2685-2.2735
S. Af. (Fn)	7.1515-7.5335	5.0630-5.3335
U.A.E.	5.1890-5.1945	3.6725-3.6735

* Selling rate.

EXCHANGE CROSS RATES

Yen per 1,000: French Fr per 10: Lira per 1,000: Belg Fr per 100.

MONEY MARKETS

London nervous, but rates ease

INTEREST RATES eased slightly on the London money market yesterday as sterling showed a firmer trend against major currencies, apart from the dollar.

The pound failed to keep pace with the dollar, largely because of continuing concern about the economic situation in the UK, following another set of disappointing trade figures, published Thursday. But sterling was helped by the recovery of the US currency, and gained ground in general.

Three-month interbank closed at 11⅛-11¼ per cent, after easing to 11¼-11⅛ per cent in early London trading, but rising to 11⅛-11¼ around noon on nervousness about the pound. Thursday's closing rate was 11⅞-11⅝ per cent.

The Bank of England initially forecast a money market shortage of £600m, but revised this to £500m at noon.

Total help provided by the authorities was £518m.

Before lunch the Bank of England bought £137m bills outright, by way of £4m bank bills in band 1 at 10⅞ per cent; £5m bank bills in band 2 at 10⅔ per cent; £50m bank bills in band 3 at 10¾ per cent and £78m bank bills in band 4 at 10⅔ per cent.

In the afternoon another £326m bills were purchased, through £67m bank bills in band 1 at 10⅞ per cent; £155m bank bills in band 2 at 10⅔ per cent; £18m bank bills in band 3 at 10¾ per cent and £86m bank bills in band 4 at 10⅔ per cent.

Late assistance of £55m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £168m, with Exchequer transactions absorbing £85m; a rise in the note circulation £275m; and bank balances below target £90m.

At the Treasury bill tender in London the average rate of discount was 10.6349 per cent, compared with 10.6928 per cent the previous week. The £100m bills on offer attracted bids of £503m, and all bills offered were allotted. The minimum accepted bid of £97.34 was met as to about 8 per cent, and above in full. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

In Paris the Bank of France left its money market intervention rate at 7 per cent when it injected funds into the banking system, via purchases of certificates of first category paper.

The purchase, effective on Monday, was against 10 per cent of paper maturing between November 15 and December 15, redeemable on November 5. The last cut in the intervention rate was from 7¼ per cent on June 16.

UK clearing bank base lending rate 11 per cent since October 15

MONEY RATES

FT LONDON INTERBANK FIXING

LONDON MONEY RATES

LONDON STOCK EXCHANGE

Old-style market retires in good form

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 11	Oct 23	Oct 24	Nov 3
Oct 27	Nov 6	Nov 7	Nov 17
Nov 10	Nov 20	Nov 21	Dec 1

*"New time" dealings may take place from 9.00 am two business days earlier.

London's securities traders bade farewell to the old-style UK share and fixed interest markets in their own irrepressible fashion last night. In scenes reminiscent of New Year's Eve, dealers joined in a spirited rendering of "Auld Lang Syne," amid a display of paper streamers and tee-shirts, and even a pantomime horse, which cavorted around the jobbing stands. Business wound down well before the official close of the market and, by common consent, trading stopped shortly afterwards.

A surprise on a more serious note was supplied by the Bank of England which announced a £1bn near-dated convertible tap stock just before the end of the session. The new tap—the first for some time—is a 10 per cent Treasury Convertible 1991, which will provide the new-style market, and its 27 market makers in Government bonds, with its first testing when the bond enters the market next week.

Both gilt-edged and equities started well on the back of a surprisingly firm pound, which soothed and reawakened fears that bank base rates might be forced higher again.

However, with the pound unable to sustain its early improvement, securities markets lost impetus and surrendered to the general instinct to batten down the hatches ahead of Monday's leap into the new world.

Gilt-edged, which observed the traditional trading halt which greets a new tap stock, ended with gains of ⅜ or so, having been ¾ up earlier. The FT Government Securities index was 0.23 up at 82.53.

Further consideration of the OPEC agreement undermined oil stocks again, and early firmness in **British Petroleum** and **Shell** was later replaced by small losses. **Britoil** saw good buying at first but faltered before the end of the day. There was some selling of **Reuter** which announced plans to make a full bid for Instinet, the market reporting company.

Hanson Trust, which will soon be traded in the US in ADR form, attracted US interest, although dealers said this was "enquiry rather than buying."

Speculative features continued to enliven the market. **Pearson** moved ahead again, although Morgan Grenfell denied buying stock outside the market. There was a sharp flurry in **Pilkington Bros**, the Lancashire glass manufacturer, which gained 35p to 517p on strong rumours of a bid from **BTR** early next week. Cazenove denied it had resigned as Pilkington's broker in order to act for BTR.

The FT-SE 100 Index seven points up in the first hour and a half, closed a net 4.6 up at 1577.1p. The FT Ordinary Index at 1251.6 gained 1.7.

FINANCIAL TIMES STOCK INDICES

	Oct. 24	Oct. 23	Oct. 22	Oct. 21	Oct. 20	year ago	1986 High	1986 Low	Since Compilation High	Since Compilation Low
Government Secs	82.53	82.30	82.89	82.56	82.26	84.04	94.51 (18/4)	80.39 (20/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	88.81	88.75	89.02	88.94	88.89	90.02	97.68 (7/7)	86.55 (23/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1,251.6	1,249.9	1,262.4	1,265.2	1,264.4	1,050.8	1,425.9 (3/4)	1,094.3 (14/1)	1,425.9 (3/4/86)	49.4 (26/6/40)
Gold Mines	262.9	277.2	286.6	290.5	288.9	257.1	357.8 (22/9)	185.7 (18/7)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.46	4.46	4.41	4.40	4.40	4.58				
Earnings Yld.%(full)	10.29	10.28	10.15	10.11	10.13	11.22				
P/E Ratio (net)(*)	11.90	11.93	12.08	12.12	12.10	11.01				
Total Bargains (Est)	25,605	24,743	25,500	25,235	25,960	24,771				
Equity Turnover £m.	—	654.97	616.10	531.51	675.89	479.33				
Equity Bargains	—	34,708	30,890	38,732	44,253	27,006				
Shares Traded (ml).	—	315.8	319.9	284.93	381.53	291.9				

S.E. ACTIVITY

Indices	Oct. 23	Oct. 22
Gilt Edged Bargains	113.9	115.4
Equity Bargains	224.9	200.1
Equity Value	1323.9	1245.3
5-Day Average		
Gilt Edged Bargains	112.4	114.9
Equity Bargains	256.2	281.3
Equity Value	1334.6	1320.3

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1253.0	1253.7	1253.8	1252.0	1251.1	1250.2	1251.5	1251.5

Day's High 1255.2. Day's Low 1250.2.

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974 *Nil=11.43

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

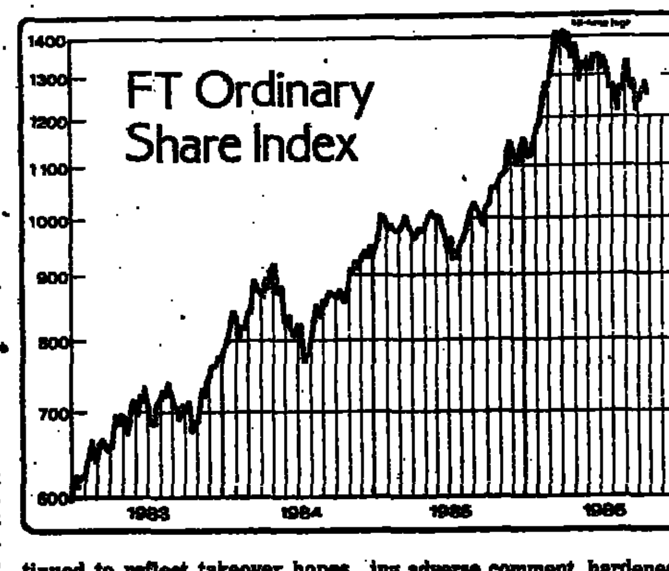
Composites up again

Composite Insurances continued to attract investors in the wake of a Phillips and Drew buy recommendation ahead of the forthcoming quarterly season. **Royals**, scheduled to report third-quarter figures on November 13, closed 15 to the good at 844p. **General Accident** firmed the same amount to 834p and **Sun Alliance** appreciated 12 at 714p. **GRE** improved 10 at 829p and **Commercial Union** hardened a couple of pence at 292p; the latter's 9-monthly figures are due on November 12. Elsewhere, Lloyds Broker **C. E. Heath** softened a couple of pence but still attained a gain of 73 on the week at 553p following the hostile bid from **PWS International**, 2 up at 307p.

Clearing banks ended the week on a quietly firm note. **Lloyds** added 7 at 409p and **Barclays** put on 5 at 464p. Elsewhere, **Standard Chartered** improved 5 at 764p, while **Mercury International**, at 360p, held steady at the overnight level to recorded a rise of 40 on the week following Mr Saul Steinberg's surprise announcement that he intends to seek greater control of the merchant banking conglomerate by raising his stake beyond 15 per cent. Perennial takeover favourite **First National Finance Corporation**, meanwhile, added 6 at 171p following revived speculative support.

The shares of the undersubscribed houseware concern **Wooltons Betterware** made a very poor market debut; offered at 140p, the quote was 75p/85p at the outset and retained at that level throughout, a first discount of some 60p.

Blue Circle moved ahead strongly to close 18 higher at 628p on talk that rumoured Australian stakeholders Adelaide Steamship had passed its stake on to a potential bidder which may well show its hand next week. Elsewhere in the Building sector, **Helical Bar** attracted renewed demand on expansion hopes and rose 17 to 330p, while **Tilbury Group** continued to reflect takeover hopes and firmed 6 more to 184p. Dealings in the troubled **F. J. C. Lilley** were suspended at 24p at the company's request pending an announcement; the shares have tumbled from 49p to 18p at one stage this week amid reports that the company is in financial difficulties.



Sears wanted

A rise of 4½ to 132p in **Sears** was accompanied by revived rumours that Robert Holmes à Court was building a stake in the group. Other leading retailers showed to good advantage with **Woolworth** closing 10 better at 640p and **Gussies "A"** the same amount higher at 990p. **Storehouse** firmed 5 at 305p and **Burtons** hardened a couple of pence at 266p.

Racal, in which Guardian Royal Exchange owns a 9.26 per cent stake, advanced 6 to 166p among the quietly firm Electrical leaders. **British Telecom** added 4 at 184p and **Plessey** and **GEC** hardened 2 apiece at 176p and 164p respectively. Elsewhere, **Amstrad**, a dull market earlier in the week following adverse comment, hardened 2 to 116p, while **BSR** put on a few pence at 88p. Improvement of 5 and 10 respectively were seen in **Atlantic Computer**, 230p, and **Applied Holographic**, 285p. **PPL**, on the other hand, plummeted 18 to 80p following selling in an unwilling market.

Engineers passed a rather quiet session. Among the leaders **GKN**, a relatively firm market earlier in the week, drifted off to close 7 cheaper at 249p. **Matthew Hall** improved a few pence to 126p on the announcement that the company had recently been awarded contracts totalling approximately £22m, but **Crown House** continued easier amid fading bid hopes and gave up 5 more to 178p, while **Stothert and Pitt**, down 10 at 128p, met with revived offerings.

Leading Foods languished in the absence of buyers. **Tate and Lyle** gave up 8 at 543p, while **Cadbury Schweppes** softened a penny to 184p. Among retailers, **Argyll** were dull at 308p, down 5, while losses of a couple of pence were seen in **Dee Corporation**, 201p, and **J. Sainsbury**, 398p. **Bejam** edged forward a penny more to 166p on lingering takeover hopes. Elsewhere, **Bernard Matthews**, still reflecting the Canadian marketing deal, gained 8 more to 276p.

Hotels displayed a firmer bias. **Trusthouse Forte** improved 4 to 155p on reports of a broker's circular.

Pearson advance

Pearson came to life, advancing 15 to 555p amid talk that Hutchison Whampoa had increased its stake in the company. Elsewhere in the miscellaneous industrial sector, **BBA** contrasted with a fall of 19 to 143p following a broker's downgraded profits forecast. USM-quoted **Bluebird Toys**, on the other hand, advanced strongly to close 31 higher at 217p on vague bid gossip, while expansion hopes continued to direct buyers' attention to **Thomson T Line** which gained 8 further to 316p. Asset injection hopes enlivened interest in **Peek**, 3 better at 45p, after 49p. Comment on the interim figures prompted fresh dullness in **London and Northern**, down 3½ more at 74p, but **Norman Hay** responded afresh to the interim statement with a further rise of 5 at 160p. **Smith Industries**, unsettled by the FR Group rights issue, eased 8 to 258p. **Diploma** gave up 10 to 168p. Adverse press mention following the previous day's put through of shares below the market price, further unsettled **F. H. Tomkins** which gave up 10 more to 273p for a two-day loss of 30. Recent bid favourite, **Brammer** came back 8 more to 258p. **Bogod Pelepah**, up 9 in the previous trading session on asset injection hopes, ran back smartly to close 7 off at 36p.

In the Leisure sector, **Fairline Boats** gained 12 to 203p as takeover rumours revived, but **Really Useful Group** shed 5 to 390p following profit-taking in the wake of the annual results. **Photax (London)** lost 6 to 70p after revealing poor interim figures.

A cash call for nearly £42m gross via a rights issue overshadowed the announcement of good interim results and a confident trading statement from **FR Group**. Speculation arose that the funds were needed to bid for aerial reconnaissance equipment manufacturer **Vinten**, up 5 at 153p, but the market was informed late that FR, formerly Flight Refuelling, had no intention of making an offer for Vinten. FR settled 25 lower on the day at 309p. **Jonas Woodhead**, a good market earlier in the week, rose 5 to 96p on the agreed offer from **Carclo**, which advanced 12 to 480p.

Eucalyptus Pulp continued this week's improvement, ending 20 up at 610p, but features elsewhere in the Paper/Printing sector were few.

Significant movements in Properties were confined to secondary issues. **Southend Stadium** attracted revived demand on property development prospects and rose 10 to 197p, while **Hambro Countrywide** firmed 5 to 300p following acquisition news. **Property Holdings and Investment** rose 5 afresh to 176p in the wake of the agreed merger with Wingate, but **Imry** shed 10 to 365p in the absence of any news from the current bid discussions.

Encouraging press views on group prospects after Thursday's announcement of the half-yearly results attracted investors back to **British and Commonwealth Shipping**. Spirited demand took B and C up to 313p before end-account profit-taking reduced the gain to one of only 3 at 306p. The associated **Caledonia Investments** closed at the session's highest level of 281p, up 10.

Contrasting Textile movements embraced **Dawson International**, down 6 at 224p on selling in an unwilling market, and **John Haggas** which moved up that much to 140p following scattered demand.

Oils drift

Oils rounded off the Account in subdued fashion. **British Petroleum** drifted progressively lower to close 12 down at 646p, while **Shell** lost 13 at 896p. **Britoil** gave up 5 at 130p and **Ultramar** softened a couple of pence at 151p. **IC Gas** sharply higher earlier in the week following a 530p per share bid from Gulf Resources, added 3 more to 573p pending further developments. **Conroy Petroleum** dipped to 265p on profit-taking before picking up to close a few pence higher on balance at 278p.

Polly Peck regained an early fall and late in the session responded to a flurry of support to close 13 up on balance at 183p, after 165p. Among other Overseas Traders, **R.E.A. Holdings** revived with a gain of 8 to 206p, but end-Account profit-taking brought **Inchcape** back 5 to 473p.

South African Golds and related markets finished the week on an extremely dull note. The dollar's strength against major currencies resulted in marked weakness in both bullion and the Financial Rand. The former dipped to around $408 before settling $13.75 down on the day and $15.875 lower on the week on $411 an ounce.

The share market consequently gave ground across the board, although dealers reported merely minimal enquiry. Quotations have given ground since Wednesday with Cape, Continental and London operators reluctant to open fresh positions, mainly reflecting the marked absence of interest from the US. Political considerations, which have led to more American companies withdrawing from the Republic, have clearly inhibited US participation in the sector.

Losses among top-quality Golds extended to over 2 points as in **Vaal Reefs**, £51¾, and **Randfontein**, £56¾. **St Helena**, 801p, and **Freegold**, 690p, dipped 58 and 26 respectively. The FT Gold Mines index fell 14.3 to 262.9—a decline of 28 points on the week.

Platinum gave ground behind bullion and was quoted at $565.5 at the afternoon fixing. **Impala** fell 25 to 680p—a fall of 50 over the five-day period.

Financials were particularly dull with **JCI** 4 points off at £63½ and "**Amgold**" 3⅝ down at £46½. **De Beers** encountered renewed offerings and fell another 15 to 490p. London-domiciled counters lacked a decided trend. Despite fresh "call" traded option activity, **Consolidated Gold Fields** gave fresh ground in the absence of takeover developments to close 15 cheaper at 644p. **RTZ**, on the other hand, hardened a few pence to 657p helped by the third-quarter figures from Lornex, its Canadian copper and molybdenum producing subsidiary.

Bullion's weakness was also mirrored by Australian Golds. Selling in overnight domestic markets prompted a similar trend in London and **Central Norseman**, 668p, and **Gold Mines of Kalgoorlie**, 648p, fell 25 and 30 respectively, while **Poseidon** closed 15 cheaper at 189p. For the third successive session, however, **Renison Consolidated Goldfields** provided a noteworthy exception to the general trend and put on 16 for a week's improvement of 49 to 420p as "down-under" brokers revised profit estimates on consideration of the group's one-third stake in the Porgera gold venture in Papua New Guinea.

Other explorers to lose ground included **Sons of Gwalia**, 10 off at 333p, **ACM**, 5 cheaper at 194p and **Kidston**, 8 down at 347p. **Cultus Resources** finished a volatile week by closing 6 off at 20p; the shares touched 31p on Tuesday on consideration of the deal with Horizon Oil of New Zealand.

Tins, firmer recently as investors digested the current strength of the spot metal price, showed **Ayer Hitam** 10 up at 140p, the lower preliminary profits and dividend having no apparent effect on sentiment. Cornwall's **Geevor**, down to 15p in reaction to news of the likely abandonment of the mine, attracted sporadic speculative attention and settled at 20p—a loss of 7 on the day.

Traded Options

Dealers were pleasantly surprised at the level of activity in Traded Options. Total contracts struck amounted to 22,436 with a particularly lively business transacted in relative newcomer **TSB** which recorded 2,582 calls and 1,380 puts. **Consolidated Gold Fields** and **Hanson Trust** attracted 1,501 and 1,074 calls respectively. The FT-SE 100 contributed 1,181 calls and 2,007 puts.

Traditional Options

- First dealings Oct 20 Nov 3 Nov 17
- Last dealings Oct 31 Nov 14 Nov 28
- Last declaration Jan 22 Feb 5 Feb 19
- For Settlement Feb 2 Feb 16 Mar 2

For rate indications see end of Unit Trust Service

Call options were taken out in **Amstrad**, **Burton**, **Abaco Investments**, **Sears**, **Connells**, **Peek**, **Kitchener Mining**, **Kennedy Brookes**, **Hickson International**, **Benjamin Priest**, **Morgan Grenfell**, **Quest Automation**, **Lysander**, **Business Mortgages Trust** and **TSL Thermal Syndicate**. No puts were reported, but double options were transacted in **TSB** and **Abaco**.

LONDON TRADED OPTIONS

Option		Calls Jan.	Calls Apr.	Calls July	Puts Jan.	Puts Apr.	Puts July
Allied Lyons (*293)	280	28	38	48	8	10	11
	300	18	25	32	18	22	28
	330	7	15	18	43	45	48
	360	2	7	—	72	75	—
B.P. (*650)	550	120	138	—	3	8	—
	600	78	97	—	12	20	—
	650	45	62	77	30	45	55
	700	20	35	50	60	77	87

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Midland Bk (*524)	500	35	55	67	7	17	20
	550	10	25	37	35	40	47
	600	3	8	15	82	82	85
P. & O. (*495)	460	43	55	—	1½	6	—
	500	12	30	40	15	25	32
	550	1½	12	25	55	58	65
	600	0½	—	—	105	—	—
Racal (*166)	140	30	38	44	2	5	8
	160	14	22	30	6	10	16

October 24. Total Contracts 22,436. Calls 14,119. Puts 8,317
*Underlying security price.

LONDON STOCK EXCHANGE

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Thur's close	Day's change	Stock	No. of changes	Thur's close	Day's change
Pilkington	27	483	−5	TSB (50p paid)	17	80½	−1½
Cons Gold Flds	25	659	−5	Brit & Comm	14	303	−10
Lilley (F.J.C.)	25	24	−2	Britoil	14	135	−5
Mercury Intnl	18	360	+25	Dee Corpn	13	203	−5
Imp Cont Gas	17	570	−3	Hawker Sidd	13	407	−8
Prop Hldg & Inv	17	171	+3	Sears	12	127½	+½

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of changes	Last Thurs. close	Change on week	Stock	No. of changes	Last Thurs. close	Change on week
Cons Gold Flds	168	659	−15	ICI	99	£10¾	−⅜
TSB (50p paid)	140	80½	−3½	Pilkington	97	483	−20
Imp Cont Gas	124	570	+62	Hawker Sidd	92	407	−46
Sears	124	127½	+10	Shell Trans	92	911	+6
Britoil	104	135	+4	Lilley (F.J.C.)	90	24	−26
Glaxo	99	930	−18	Brit & Comm	89	303	−5

YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price	Day's change	Stock	Closing price	Day's change
Arlington	195	—	GKN	249	−7
Bluebird Toys	271	+31	Glaxo	920	−10
Blue Circle	628	+18	Hawker Siddeley	405	−2
BP	646	−12	ICI	£10¾	—
Conroy Pet.	278	+2	Pilkington	517	+35
FR Group	309	−25	Woodhead (J.)	96	+5

NEW HIGHS AND LOWS FOR 1986

NEW HIGHS (51)

AMERICANS (5) Amdhl, Browning-Ferris, Sun Co, Texaco, Transworld Corp. **CANADIANS (1)** Seagram. **BANKS (1)** Equity & General. **BUILDINGS (2)** Helical Bar, Tilbury. **CHEMICALS (1)** Dialene. **STORES (1)** Ratners. **CHEMICALS (1)** Applied Holographics. **ELECTRICALS (5)** Fujitsu, Macro 4, Sony TDK, Zygal Dynamics. **ENGINEERING (2)** Atlas Conv Equip, Hampson Inds. **INDUSTRIALS (14)** Arenson, BTR Nylex, Bluebird Toys, China Light, Fletcher Challenge, Flogas, Hunting Assoc, JS Pathology, Jardine Hldgs, Peek Hldgs, Pilkington Bros, Pitney Bowes Cnv Ln, SmithKline Beckman, Thomson T-Line. **LEISURE (1)** LWT. **MOTORS (2)** Honda Motor, Woodhead (J.). **PAPER (2)** Eucalyptus, Scott Paper. **PROPERTY (5)** Dwyer, Lon Provincial Shop, Prop Hldg & Inv, Southend Stadium, Trencherwood. **TRUSTS (1)** St Andrew Trust. **OILS (2)** Imp Cont Gas 8pc Cnv Uns 1995-2000, Texaco 4¾pc Cnv. **PLANTATIONS (3)** Cons Plants, Harrisons Malay Plants, Kuala Kepong. **MINES (2)** Ivanhoe, Renison.

NEW LOWS (21)

AMERICANS (1) Contl Illinois. **BANKS (1)** McCorp. **ELECTRICALS (6)** CAP, Dataserv, Dewhurst A, Lexicon Intl, Micro Scope, PPL. **ENGINEERING (2)** Hawker Siddeley, Stothert & Pitt. **FOODS (1)** Dee Corp. **INDUSTRIALS (7)** AGB Research, Aaronson, Brit Syphon, Diploma, Ford & Weston, Smiths Inds, Williams Hldgs 5¼pc Cnv Pf. **PAPER (2)** Conrad, Jarvis Porter. **TRUSTS (1)** JF Pacific Warrants.

LEADERS AND LAGGARDS

Percentage changes since December 31 1985 based on Thursday, October 23 1986

Tobaccos	+36.16	Insurance (Composite)	+16.68
Metals and Metal Forming	+35.42	Property	+15.38
Mining Finance	+35.07	All-Share Index	+14.52
Textiles	+34.23	Brewers and Distillers	+13.98
Chemicals	+31.03	500-Share Index	+13.82
Publishing and Printing	+29.29	Financial Group	+13.71
Motors	+25.53	Office Equipment	+13.21
Packaging and Paper	+24.62	Industrial Group	+13.08
Investment Trusts	+23.70	Electricals	+13.00
Overseas Traders	+21.33	Capital Goods	+12.39
Building Materials	+21.32	Gold Mines Index	+ 9.88
Health and H'sehold Products	+20.87	Stores	+ 9.75
Oils and Gas	+19.66	Mechanical Engineering	+ 9.36
Food Manufacturing	+19.28	Shipping and Transport	+ 8.99
Merchant Banks	+19.16	Food Retailing	+ 6.18
Leisure	+19.03	Insurance Brokers	+ 5.82
Banks	+18.42	Other Groups	+ 5.41
Contracting, Construction	+17.25	Insurance (Life)	+ 0.68
Consumer Group	+17.21	Electronics	− 1.81
Other Industrial Materials	+17.15	Telephone Networks	−17.43

RISES AND FALLS YESTERDAY

	Yesterday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	76	16	21	315	186	60
Corporations, Dom. and Foreign Bonds	1	4	64	51	71	217
Industrials	250	304	967	1,200	1,745	4,664
Financial and Props.	95	84	397	480	539	1,861
Oils	21	39	52	128	139	293
Plantations	4	1	9	14	7	49
Mines	15	105	63	170	400	345
Others	108	43	52	307	404	312
Totals	570	596	1,625	2,665	3,491	7,801

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information services.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

CORPORATION & COUNTY

UK PUBLIC BOARDS

FOREIGN STOCKS

(coupons payable in London)

STERLING ISSUES BY OVERSEAS BORROWERS

BANKS, DISCOUNT

BREWERIES

COMMERCIAL, INDUSTRIAL

A—B

C—D

E—F

G—H

I—J—K

L—M

N—O—P

Q—R—S

T—U—V

W—Y—Z

FINANCIAL TRUSTS

INSURANCE

INVESTMENT TRUSTS

UNIT TRUSTS

MINES—MISCELLANEOUS

MINES—SOUTH AFRICAN

Anglovaal Ld (R0.50) £32◆
DAB Invs (R0.01) 150◆
Free State Cons Gold Mines (R0.50) £7½ (22/10)

OIL

PROPERTY

PLANTATIONS

RAILWAYS

Canadian Pacific (Iss Ldn) C$15.51◆, 4pcPfCS 44 (21/10)
Ontario and Quebec 5pcDb £77◆

SHIPPING

Peninsular and Oriental Steam Nav 5pc Pfd £39 40. Wts to purchase Dfd 135◆
Turnbull Scott Hldgs A (£1) 365

UTILITIES

Barton Transport Dfd (160p) 270 (22/10)
Bristol Channel Ship Repairers (10p) 7¼ ½ ¾

WATERWORKS

UNLISTED SECURITIES MARKET

SPECIAL LIST

RULE 534 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

Aberfoyle 425 (20/10)
Acorn Secs 63◆ 63 (22/10)
Agnico-Eagle Mines C$29⅝◆ (21/10)
Allied Stores Corp $46 28 (21/10)
Allstate Explorations 35
Amatil 338 (22/10)
Amerada Hess $26.3◆ (21/10)
American Can $86⅝◆ (17/10)
American Electric Power $27.8◆ (17/10)
American Home Prods £52¼ (22/10)
American Standard $42◆ (21/10)
Ampol 122◆ 125◆ (21/10)

Kulim Malaysia 37 9 (21/10)
Lac Minerals £12◆
Lilly (Eli) £47⅜◆ (22/10)
MA Com Stk 970¼
Magnum Res 52 (21/10)
Mannesman DM 167.0
Marco Res C$1.15 (17/10)
Marlin Oil 3◆ (21/10)
Mattel 700◆ $10⅝◆ (22/10)
McDonald's Corp £43⅝
MCI Comms 56⅞◆ (22/10)
Merck £76.0
Mid-East Minerals 31
Minnesota Mining Mfg
Moet-Hennessey £235.0 FFr
Mount Martin Gold Mines
National Electronics Cons
National Semiconductor (17/10)
Nationale-Nederlanden 78¾ 79 (22/10)
New World Devel HK$8.15
News Corp £16.133◆
Nixdorf Computers Pf DM
NL Inds 372 (21/10)
Nomura Secs £11.2 Y2,50
Noranda 950
North Flinders Mines 505
Nova an Alberta A C$15¾
Oil Search 35◆ 6◆ 33 ¼
Oilmet Res 69‡
Olympus Pet 20 (21/10)
Pan Aust Mining 67
Pan Pacific Pet 2½◆ (22/10)
Paragon Res 26 27
Penn Central Corp $58¼◆ (17/10)
Pepsico Inc £19⅝◆ (21/10)
Pernod-Ricard FFr 979.0
Peugeot SA FFr 1,083.0 1,089.0
Phelps Dodge £11⅛◆ PFr 1,122.0 (17/10)
Philip Morris $71⅞◆ (17/10)
Philips Komms Inds DM 1,175.7 (22/10)
Phillips Pet $10¾◆ (17/10)
Pioneer Concrete Svcs 133◆ (21/10)
Placer Devel £15◆ (17/10)
Planet Res Grp 6¼◆ (17/10)
Plenty River Mining 24 (22/10)

Continued on Page 4

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday October 24 1986 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 29%)	Est. P/E Ratio (Net)	xd adj. 1986 to date	Thur Oct 23 Index No.	Wed Oct 22 Index No.	Tue Oct 21 Index No.	Year ago (approx.) Index No.	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (211)	645.27	—	9.48	3.96	13.40	15.39	645.00	649.38	650.58	544.91	753.28	30/4	567.56	14/1	753.28	30/4/86	50.71	13/12/74
2	Building Materials (27)	775.55	+1.1	9.36	3.78	13.49	17.45	766.97	769.23	770.93	607.41	844.79	4/4	613.85	23/1	844.79	4/4/86	44.27	11/12/74
3	Contracting, Construction (30)	1079.59	−0.3	8.24	4.33	16.62	26.13	1082.67	1088.69	1095.84	936.52	1200.78	2/7	911.08	23/1	1200.78	2/7/86	71.48	2/12/74
4	Electricals (12)	1726.82	−0.2	8.40	4.84	15.43	53.27	1729.75	1744.58	1740.74	1516.67	2092.98	21/4	1530.81	2/1	2092.98	21/4/86	84.71	25/6/62
5	Electronics (38)	1396.24	+1.0	10.14	2.91	13.13	28.92	1381.91	1389.58	1396.63	1265.72	1794.15	30/4	1345.94	29/9	2049.45	13/11/84	1229.81	8/10/85
6	Mechanical Engineering (60)	355.47	−0.8	11.19	4.65	11.39	9.64	358.31	359.63	361.52	318.94	422.95	18/4	316.63	23/1	422.95	18/4/86	45.43	5/1/75
8	Metals and Metal Forming (7)	326.46	−0.3	9.78	4.31	12.87	7.39	327.55	327.26	326.48	224.16	380.80	2/7	241.87	2/1	380.80	2/7/86	49.65	6/1/75
9	Motors (16)	258.47	−1.6	10.28	3.93	11.40	5.67	262.56	265.50	264.96	188.31	322.48	3/7	206.58	14/1	322.48	3/7/86	19.91	6/1/75
10	Other Industrial Materials (21)	1187.22	−0.7	7.59	4.54	15.63	29.53	1195.18	1212.73	1206.97	997.64	1347.13	3/4	993.49	21/1	1347.13	3/4/86	277.55	15/1/81
21	CONSUMER GROUP (185)	905.76	+0.3	8.25	3.41	15.28	16.38	903.27	912.65	915.22	726.12	968.16	3/4	759.82	14/1	968.16	3/4/86	61.41	13/12/74
22	Brewers and Distillers (22)	904.78	+0.5	9.78	3.55	12.67	14.91	900.47	908.04	914.48	755.74	989.31	30/6	764.25	14/1	989.31	30/6/86	69.47	13/12/74
25	Food Manufacturing (24)	691.77	−0.2	9.68	3.94	13.44	14.49	693.08	698.60	698.58	543.03	724.32	5/9	549.51	14/1	724.32	5/9/86	59.67	11/12/74
26	Food Retailing (16)	1857.78	−0.5	6.28	2.79	22.14	29.71	1867.60	1886.01	1875.67	1692.13	2015.98	9/9	1629.83	21/1	2015.98	9/9/86	54.25	11/12/74
27	Health and Household Products (10)	1480.49	−0.3	6.56	2.56	18.47	12.84	1485.15	1503.94	1504.79	1109.66	1651.15	17/4	1175.61	14/1	1651.15	17/4/86	175.38	28/5/80
29	Leisure (27)	902.32	+0.9	8.22	4.52	16.13	24.92	894.46	899.69	896.49	712.61	968.51	2/4	791.17	24/1	968.51	2/4/86	54.83	9/1/75
32	Publishing & Printing (15)	2416.67	+0.2	7.69	4.59	16.86	55.86	2411.46	2462.84	2485.13	1990.37	2674.52	11/9	1834.16	9/1	2674.52	11/9/86	55.08	6/1/75
33	Packaging and Paper (14)	455.84	−0.3	7.41	3.61	17.55	18.39	457.19	460.76	464.28	368.83	495.91	1/9	362.52	9/1	495.91	1/9/86	43.46	6/1/75
34	Stores (38)	848.95	+1.1	6.90	3.84	19.64	12.49	840.12	858.71	858.23	744.31	984.64	3/4	787.79	23/1	984.64	3/4/86	52.63	6/1/75
35	Textiles (17)	515.80	−0.5	9.94	3.83	11.64	18.03	517.59	522.05	521.83	349.33	574.78	1/7	375.58	14/1	574.78	1/7/86	62.66	11/12/74
36	Tobaccos (2)	1226.56	+1.1	13.47	4.22	8.16	36.99	1213.35	1221.28	1221.28	769.82	1267.44	10/9	873.47	9/1	1267.44	10/9/86	94.34	13/6/62
41	OTHER GROUPS (87)	762.61	+0.7	8.83	4.19	14.59	17.27	757.28	764.46	762.15	681.03	859.53	4/4	696.16	21/1	859.53	4/4/86	58.63	6/1/75
42	Chemicals (20)	976.92	—	9.00	4.43	13.52	29.09	977.43	992.39	987.71	685.62	1002.76	3/9	729.24	14/1	1002.76	3/9/86	71.28	1/12/74
44	Office Equipment (4)	239.84	—	7.75	4.44	15.61	7.11	239.84	243.35	243.05	217.88	281.13	9/5	205.37	23/1	281.13	9/5/86	45.34	2/1/75
45	Shipping and Transport (13)	1491.32	−0.2	8.11	4.42	15.71	41.58	1493.63	1506.57	1509.47	1365.51	1677.64	3/4	1316.35	14/1	1677.64	3/4/86	90.80	29/6/62
47	Telephone Networks (2)	745.35	+1.7	11.51	4.93	11.08	16.67	732.77	739.06	731.71	861.97	1050.03	4/4	712.14	3/10	1050.03	4/4/86	517.92	30/11/84
48	Miscellaneous (48)	1064.44	+0.6	6.36	3.20	19.75	16.64	1058.01	1064.40	1068.33	860.57	1115.38	5/9	866.26	9/1	1115.38	5/9/86	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	809.05	+0.3	8.69	3.73	14.62	16.61	806.45	813.96	814.94	676.82	889.80	3/4	691.89	14/1	889.80	3/4/86	59.01	13/12/74
51	Oil & Gas (17)	1335.59	−1.6	12.23	6.70	10.07	62.40	1357.37	1383.14	1385.35	1159.32	1419.58	5/9	1093.63	20/2	1419.58	5/9/86	87.23	29/5/62
59	500 SHARE INDEX (500)	853.68	+0.1	9.11	4.08	13.88	20.21	852.90	861.83	862.91	717.66	917.63	3/4	727.53	14/1	917.63	3/4/86	63.49	13/12/74
61	FINANCIAL GROUP (118)	596.38	+0.7	—	4.75	—	16.55	592.36	594.92	592.57	511.35	629.86	4/4	507.50	14/1	629.86	4/4/86	55.88	13/12/74
62	Banks (8)	646.73	+0.7	19.47	5.66	7.05	23.94	642.09	650.15	650.66	511.07	707.33	20/3	517.21	5/2	707.33	20/3/86	62.44	12/12/74
65	Insurance (Life) (9)	801.35	+0.7	—	4.06	—	26.39	795.64	808.86	802.58	782.20	913.47	7/7	765.18	23/1	913.47	7/7/86	44.88	2/1/75
66	Insurance (Composite) (7)	478.01	+1.5	—	4.54	—	10.93	470.87	469.23	462.38	390.87	525.13	14/4	403.56	2/1	525.13	14/4/86	43.96	13/12/74
67	Insurance (Brokers) (9)	1251.61	+1.2	7.06	4.14	16.64	35.33	1237.27	1249.79	1253.31	1173.84	1315.27	12/2	1139.48	13/6	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (12)	337.94	—	—	4.24	—	5.98	337.94	331.46	328.42	265.63	390.22	1/7	277.36	24/1	390.22	1/7/86	31.21	7/1/75
69	Property (49)	771.81	—	5.86	3.65	22.43	13.43	772.15	769.66	769.39	696.03	807.14	11/7	655.84	23/1	807.14	11/7/86	56.01	20/4/65
70	Other Financial (24)	348.83	+0.2	9.23	4.52	13.18	8.95	348.04	346.75	345.61	294.00	362.80	4/4	287.55	24/1	362.80	4/4/86	33.29	17/12/74
71	Investment Trusts (99)	801.72	−0.1	—	2.83	—	12.94	802.91	805.53	806.25	606.01	816.31	5/9	633.36	14/1	816.31	5/9/86	71.12	13/12/74
81	Mining Finance (2)	323.34	−0.6	9.72	4.96	12.10	9.17	325.29	327.77	330.82	253.65	345.87	13/10	240.83	2/1	345.87	13/10/86	66.31	30/9/74
91	Overseas Traders (13)	728.80	+0.5	10.59	6.04	11.27	24.33	725.02	726.63	714.14	584.25	728.80	24/10	597.55	2/1	728.80	24/10/86	97.37	6/1/75
99	ALL-SHARE INDEX (732)	783.44	+0.2	—	4.16	—	18.88	782.10	789.16	789.42	656.66	832.39	3/4	664.42	14/1	832.39	3/4/86	61.92	13/12/74

	Index No.	Day's Change	Day's High	Day's Low	Oct 23	Oct 22	Oct 21	Oct 20	Oct 17	Year ago	1986 High		1986 Low		Since Compilation High		Since Compilation Low	
FT-SE 100 SHARE INDEX ◆	1577.1	+4.6	1579.6	1574.6	1572.5	1589.6	1591.2	1590.2	1610.0	1347.6	1717.6	3/4	1370.1	14/1	1717.6	3/4/86	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Oct 24	Day's change %	Thur Oct 23	xd adj. today	xd adj. 1986 to date
	British Government					
1	5 years	118.79	+0.13	118.64	—	9.57
2	5-15 years	129.23	+0.40	128.72	—	11.61
3	Over 15 years	134.91	+0.48	134.27	—	11.43
4	Irredeemables	158.83	+0.44	158.16	—	8.90
5	All stocks	127.83	+0.33	127.41	—	10.98
	Index-Linked					
6	5 years	112.95	+0.05	112.89	—	2.80
7	Over 5 years	110.20	−0.13	110.34	—	2.84
8	All stocks	110.61	−0.10	110.72	—	2.69
9	Debentures & Loans	111.71	−0.10	111.82	—	8.65
10	Preference	79.92	—	79.92	—	5.16

	AVERAGE GROSS REDEMPTION YIELDS		Fri Oct 24	Thur Oct 23	Year ago (approx.)	1986 Highs		1986 Lows	
	British Government								
1	Low	5 years	9.78	9.79	9.83	10.26	20/1	7.37	18/4
2	Coupons	15 years	10.38	10.44	10.10	10.65	20/1	8.32	18/4
3		25 years	10.39	10.45	10.11	10.65	20/1	8.33	18/4
4	Medium	5 years	11.19	11.22	10.69	11.89	14/1	8.58	18/4
5	Coupons	15 years	10.75	10.81	10.44	11.15	20/1	8.58	18/4
6		25 years	10.40	10.45	10.09	10.74	20/1	8.58	18/4
7	High	5 years	11.28	11.33	10.80	12.07	20/1	8.73	18/4
8	Coupons	15 years	10.94	10.99	10.57	11.32	20/1	8.73	18/4
9		25 years	10.51	10.56	10.25	10.81	20/1	8.73	18/4
10	Irredeemables†		10.16	10.20	9.66	10.35	27/1	8.38	18/4
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	4.39	4.38	0.0	5.18	14/1	3.24	29/4
12	Inflat'n rate 5%	Over 5 yrs	3.82	3.81	0.0	4.01	20/1	3.26	13/5
13	Inflat'n rate 10%	5 yrs	2.96	2.93	0.0	4.23	14/1	2.09	18/8
14	Inflat'n rate 10%	Over 5 yrs	3.65	3.64	0.0	3.85	14/1	3.09	19/5
15	Debs &	5 years	11.65	11.03	11.18	12.78	27/1	9.72	8/7
16	Loans	15 years	11.59	11.55	11.65	11.93	4/2	9.79	22/4
17		25 years	11.53	11.55	11.00	11.83	21/1	9.69	17/4
18	Preference†		11.52	11.52	11.73	12.18	24/2	10.30	9/6

◆ Opening index 1574.6; 10 am 1577.0; 11 am 1578.0; Noon 1576.9; 1 pm 1576.7; 2 pm 1577.3; 3 pm 1578.3; 3.30 pm 1578.4; 4 pm 1577.2.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Health/Household Products	30/12/77	261.77	Mining Finance	29/12/67	100.00
Other Groups	31/12/74	63.75	All Other	10/04/62	100.00
Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Mechanical Engineering	31/12/71	153.84	Do. Index-linked	30/04/82	100.00
Office Equipment	16/01/70	162.74	Debs. & Loans	31/12/77	100.00
Industrial Group	31/12/70	128.20	Preference	31/12/77	76.72
Other Financial	31/12/70	128.06	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

NEW CONSTITUENT: TSB Group (62) the above indices have been calculated inserting TSB Group at its fully paid issue price (100p). Had the first quotation (148p) been used the Friday values of the three indices affected would have been lower by the percentages indicated: Group (61) 1.57%, (62) 4.65% and (99)

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§170	F.P.	—	205	186	Baker Harris Saund's10p	205	+13	R4.0	2.7	2.8	19.0
§135	F.P.	—	122	120	‡Berry, Birch 10p	120	−2	R2.5	2.2	4.9	12.9
§100	F.P.	—	109	102	‡Citygrove 10p	102	......	R2.5	2.7	3.5	14.8
§130	F.P.	17/10	198	152	‡Creighton Labs 20p	195	......	U3.7	2.2	2.7	23.6
160	F.P.	24/10	146	123	Euro Home Products 5p	140	......	R4.25	2.5	4.3	10.8
§105	F.P.	16/10	112	103	‡Eve Construction	104	......	u4.5	3.2	6.1	7.3
§135	F.P.	24/10	166	145	‡Great Southern 10p	160	+3	R5.2	2.2	4.6	13.7
	F.P.	—	28	27	Group Development	28	......	—	—	—	—
185	F.P.	7/11	208	188	‡Interlink Express 5p	205	......	R3.5	3.2	2.4	18.6
§135	F.P.	24/10	245	145	‡Local London Group 5p	215	−15	W5.0	1.8	3.3	24.2
110	F.P.	5/11	129	119	Marlbor'gh Tech Man 5p	128	−1	R2.70	3.1	3.0	12.9
135	F.P.	—	146	143	Mecca Leisure 10p	145	+1	R4.1	2.2	4.0	15.8
§105	F.P.	24/10	165	138	‡Miller & Santhouse 5p	165	+1	x2.25	2.4	1.9	30.8
—	F.P.	—	31	27	New Australia Inv Wrnts	31	......	—	—	—	—
§75	F.P.	24/10	79	73	‡Newage Trans 5p	75	......	R3.5	2.5	6.6	8.5
§25	F.P.	22/10	26½	25½	Nth of Scotland Inv 10p	26½	......	—	—	—	—
§90	F.P.	24/10	90	88	‡Radamec Group 5p	90	......	R1.28	5.7	2.0	12.3
§95	F.P.	—	97	93	‡Rotunda 10p	93	......	R30.3	2.8	4.5	11.2
¶110	F.P.	24/10	108	102	‡Ryman 5p	102	......	L1.5	3.2	2.1	17.1
135	F.P.	24/10	164	151	Sandell Perkins 10p	162	−2	a3.8	2.9	3.3	14.9
100	50	14/11	102	80½	TSB	81	+½	W4.26	3.1	4.6	10.0
‖	F.P.	—	385	320	‡Utd. Trust & Credit £1	337	+5	a14.0	2.1	5.9	11.7
§160	F.P.	5/12	179	167	‡Whitney Mackay 10p	167	−3	R4.0	3.0	3.4	13.8
104	F.P.	—	80	80	‡Wooltons Bet'ware 10p	80	......	dR3.7	1.5	6.5	14.5
125	F.P.	10/10	156	136	Yorkshire TV	153	+1	R6.25	2.4	5.8	10.4

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price £	+ or −
‖	F.P.	13/11	106	100½	Comtech Finance 11½% Cov. Uns. Ln. 1996	104	−2
§100	£10	8/1	12½	11	East Worcs. Water 12½% Red Deb 94-96	12⅛	......
§100	£10	29/1	10⅛	9½	Essex Water 11¼% Red. Deb. 2002-04	10	−½
¶101.43	£10	26/2	11⅛	11½	do 8⅝% Red. Pf 1993	11½	......
‖	F.P.	24/11	109	106	‡Goodhead Print 7% Cnv. Red. Prf	108	......
§100	£10	15/5	5½	2	Mid-Sussex Water 11% Red Deb 2012-16	4	−½
—	F.P.	—	100⅛	98⅝	Nationwide 10⅛% 21/9/87	98⅝	......
—	F.P.	—	100¼	100	Do 11¼% 26/10/87	100¼	......
¶101.87	£10	22/1	11¼	11½	Portsmouth Wtr. 8¾% Red. Pf 1996	11½	......
96.645	£25	8/1	24¼	17	Scot. Met. Prop. 10¼% 1st Mort. Deb. 2016	19	−½
—	F.P.	—	116p	104p	Scott. & Newcastle 7% Conv. Pref. £1	112p	......
¶102.25	£10	8/1	11¼	11½	Tendring Hundred Wtr 8¾% Rd. Pf 1996	11½	......
¶¶	F.P.	24/10	122p	115p	WCRS 5.5% Cnv. Cum. Red. Pref. 1999	115p	−1
¶¶	F.P.	—	95p	92½p	Walker (C & W) 6½pc Cnv Cum Red Pref	95p	......
¶¶	F.P.	—	104p	97p	Williams Hldgs 5¾% Cum Cnv Pref	97p	......

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1986 High	1986 Low	Stock	Closing Price p	+ or −
140	Nil	25/11	24pm	18pm	Barro Inds. 20p	18pm	......
180	Nil	5/12	9pm	1½pm	Beazer (C.H.) 10p	1½pm	......
137	Nil	—	18pm	15pm	Bellway	15pm	......
86	Nil	—	6pm	6pm	Brown Boveri	6pm	......
90	Nil	12/12	10pm	7pm	Bryant Hldgs.	8pm	+1
71	Nil	24/11	6pm	3pm	Burns Anderson 10p	4pm	......
$1.80	Nil	26/11	12½pm	4pm	E.R.I.C.	5pm	......
85	Nil	5/12	1½pm	1pm	Lawrence (W)	1pm	......
30	Nil	25/11	9pm	1pm	Norfolk Cap 5p	1pm	......
160	Nil	10/12	58pm	32pm	Parrish (J.T.) 5p	58pm	......
100	Nil	—	50pm	43pm	Ratcliffe (F.S.) Inds.	45pm	+2
720	Nil	—	16pm	10pm	Siebe	11pm	−5

Renunciation date usually last day for dealing free of stamp duty. *a* Annualised dividend. *b* Figures based on prospectus estimates. *d* Dividend rate paid or payable on part of capital, cover based on dividend on full capital. *g* Assumed dividend and yield. *h* Assumed dividend and yield after scrip issue. F Forecast dividend cover on earnings updated by latest interim statement. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures *t* Indicated dividends; cover relates to previous dividend; p/e ratio based on latest annual earnings. *u* Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ▮▮ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May. Vol.	May. Last	Stock
GOLD C	$370	30	47A	3	53	10	62	$412.25
GOLD C	$380	10	38A	6	47	—	—	"
GOLD C	$390	48	26.50	—	—	6	48	"
GOLD C	$400	6	20A	85	29	3	40	"
GOLD C	$420	27	6	21	20	13	29	"
GOLD C	$460	1	1.50A	90	7	80	13A	"
GOLD C	$480	—	—	6	4	60	7A	"
GOLD P	$350	11	0.10	—	—	—	—	"
GOLD P	$360	51	0.10	52	2.50	40	3.50	"
GOLD P	$380	30	0.80	—	—	490	9	"
GOLD P	$400	245	4.20	22	11.50	—	—	"
GOLD P	$420	429	13A	1	18B	—	—	"
GOLD P	$460	10	47B	—	—	2	51B	"
GOLD P	$480	50	68	—	—	—	—	"
		Dec.		**Mar.**		**June**		
£/FL P	FL340	11	19	—	—	—	—	FL324.45
$/FL C	FL220	16	10.60	—	—	—	—	FL229.70
$/FL C	FL225	40	7.20	115	98	—	—	"
$/FL C	FL230	240	4.50	13	7	—	—	"
$/FL C	FL235	553	2.30	56	4.50	—	—	"
$/FL C	FL240	30	1	30	2.90	—	—	"
$/FL C	FL245	320	0.60	—	—	—	—	"
$/FL P	FL215	3	0.70	8	2.40	10	4.10	"
$/FL P	FL220	161	1.40	4	3.50A	—	—	"
$/FL P	FL225	246	2.60	7	5.30A	25	7.80A	"
$/FL P	FL230	293	5	51	7.50	35	10.30A	"
$/FL P	FL235	142	7.50	15	11	—	—	"
		Jan. 87		**Apr. 87**		**July 87**		
ABN C	FL560	230	13.50	21	24.50	7	25	FL535
ABN P	FL520	256	7.70	24	14	2	19	"
AEGON C	FL100	57	1.90	63	3.50	—	—	FL90.70
AEGON P	FL90	36	1	136	2	—	—	"
AH C	FL100	280	7.50	11	9.50	—	—	FL102.60
AH P	FL100	92	3.80	35	6.20	—	—	"
AKZO C	FL150	409	5.80	83	9.60	1	11.20	FL144.50
AKZO P	FL140	337	4.50	79	6.40	77	8.50	"
AMEV C	FL80	178	1.10	34	3.20B	—	—	FL72.90
AMEV P	FL70	22	1.80	4	3.20	13	4.80	"
AMRO C	FL100	458	2.10	55	4.20	—	—	FL90.60
AMRO P	FL85	137	2.20A	49	3.50	10	5	"
ELS C	FL240	32	7.40	1	11.50B	—	—	FL230.30
ELS P	FL220	53	5.20	—	—	—	—	"
GIST C	FL45	118	3	29	5.20	—	—	FL44.60
GIST P	FL50	355	5.60	—	—	43	7.90	"
HEIN C	FL170	173	6.80	2	10.30	—	—	FL165.30
HEIN P	FL170	61	7.50	—	—	—	—	"
HOOG C	FL65	166	3.60	12	5.70	5	6.40	FL61.40
HOOG P	FL60	83	3.50	6	5	8	5.60	"
KLM C	FL55	18	0.60	337	1.50	—	—	FL45.90
KLM P	FL45	104	1.90	17	3	—	—	"
NATN C	FL80	92	2.80	9	4.60	5	5.50	FL77.70
NATN P	FL80	37	4	2	6	—	—	"
PHIL C	FL45	485	4.20	10	5.30B	—	—	FL47.20
PHIL P	FL45	217	2	25	3.20	24	4B	"
RD C	FL200	707	8	48	12.80	14	14.50	FL198.80
RD P	FL200	452	6.90	1	8.30	55	13B	"
ROBE C	FL100	50	0.30	—	—	—	—	FL90.50
ROBE P	FL90	35	2B	—	—	—	—	"
UNIL C	FL500	342	12.50	98	21.40	—	—	FL477
UNIL P	FL480	92	18.20	15	22	—	—	"

TOTAL VOLUME IN CONTRACTS: 23,172

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT	Wednesday October 22, 1986		Increase (+) or decrease (−) for week
LIABILITIES	£		£
Capital	14,553,000		—
Public Deposits	87,016,458	−	9,319,274
Bankers Deposits	788,827,155	−	12,575,264
Reserve and other Accounts	1,417,934,352	−	2,015,947
	2,308,330,965	−	23,910,485
ASSETS			
Government Securities	630,319,947	−	94,865,000
Advance and other Accounts	652,271,742	−	16,231,813
Premises Equipment & other Secs.	1,019,478,973	+	93,748,568
Notes	6,017,390	−	6,540,919
Coin	242,913	−	21,321
	2,308,330,965	−	23,910,485

ISSUE DEPARTMENT			
LIABILITIES	£		£
Notes in Circulation	12,583,982,610	+	16,540,919
Notes in Banking Department	6,017,390	−	6,540,919
	12,590,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100	—	—
Other Government Securities	2,776,327,248	−	362,624,288
Other Securities	9,802,657,652	+	372,624,288
	12,590,000,000	+	10,000,000

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS & INSURANCES

Whittingdale Unit Trust Managers
2 Honey Lane, London EC2V 8BT 01-606 9085/6

Short Dtd Gilt Fd	68.1	69.2	+0.1	—
U.S. Govmnt Bond Fd	$0.514	0.516	----	—

Windsor Trust Mngrs Ltd
83 Kingsway, London, WC2B 6SD 01-405 8331

Capital & Equity Tst	48.4	51.9	-0.4	7.62
Growth Trust	51.9	56.3	-1.2	2.24
Income Trust	53.3	56.8	-0.4	5.10

Wright Seligman Fund Managers Ltd
11 Blomfield St, London EC2M 7AY 01-588 0592

Growth Fund	70.2	73.7	----	2.80

Weekly dealing day Tuesday

The Yorkshire General Trust
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Y.G.T.	127.2	135.4	-2.6	3.16

INSURANCES

AA Friendly Society
(Investment Mngt M & G Inv Mngt Ltd)
PO Box 93 Cardiff CF1 4NW 0222 35542

AA Friendly Sy Oct 8	----	302.8	----	—

Abbey Life Assurance Co Ltd
80 Holdenhurst Road, Bournemouth 0202 292373

Prop. Ser. 1	199.5	210.0	----	—
Equity Ser. 1	97.7	103.0	-0.4	—
Prop. Acc. Ser 2	278.5	293.3	----	—
Equity Ser 2	108.3	114.0	-0.6	—
Selective Acc	232.7	245.0	-0.6	—
Prop. Ser. 4	220.9	232.3	----	—
Equity Ser. 4	111.8	117.7	-0.5	—
Fixed Int. Ser. 4	175.7	185.0	----	—
Indexed Inv. Ser. 4	109.3	115.1	----	—
American Ser. 4	258.9	271.9	+3.5	—
High Inc. Ser. 4	285.6	302.7	-0.6	—
Japan Ser 4	221.9	233.6	-4.7	—
Man. Ser. 4	344.3	362.5	-0.6	—
Money Ser. 4	196.9	207.3	----	—
European Ser 4	121.7	128.2	-0.9	—

Pension Funds

Property	357.5	376.4	----	—
Equity	749.1	788.6	-3.7	—
Selective	246.3	259.3	-0.6	—
Managed	607.5	639.5	-1.1	—

City of Westminster Assurance—Contd.

Far East Fund	208.2	219.2	+7.2	—
North American Fund	173.2	182.4	+2.6	—
Natural Resources Fund	148.8	156.7	+5.1	—
Pension Managed Fund	375.6	395.4	+0.4	—
Pension Equity Fund	247.1	260.2	+1.9	—
Adventurous Mngd Fd	119.2	125.5	+0.5	—
Balanced Mngd Fd	117.0	123.2	+0.1	—
Conservative Mngd Fd	110.7	116.6	+0.1	—
European Fund	106.9	112.6	+0.4	—
International Fund	115.7	121.8	+0.1	—
S.U.N. Flagship Fd	124.4	131.0	-0.5	—

For other prices please telephone 0908 606101/660888

Clerical Medical/Fidelity International
Narrow Plain, Bristol BS2 0JH 0272 290566

Investment Funds

Mixed	131.0	137.9	-0.8	—
Equity	146.2	153.9	-1.8	—
Property	109.8	115.6	----	—
Gilt & Fixed Interest	106.4	112.0	----	—
Indexed Securities	97.5	102.7	+0.4	—
Cash	108.1	113.8	----	—
North American	110.6	116.5	+1.3	—
Far East	122.0	128.5	-0.4	—
International	125.5	132.1	-0.3	—
Special Situations	141.5	149.0	+0.3	—
International Income	140.6	148.1	+0.4	—
American Income	121.1	127.5	+1.6	—
European	150.5	158.5	+0.2	—

Flexible Retirement Plan

Mixed	134.3	141.4	-0.5	—
Equity	140.6	148.0	-0.4	—
Property	115.4	121.5	+0.1	—
Gilt & Fixed Interest	112.1	118.0	-0.5	—
Indexed Linked	98.8	104.0	-0.4	—
Cash	116.2	122.4	----	—
North American	116.5	122.7	+1.7	—
Far East	134.1	141.2	-7.0	—
International	132.2	139.2	-0.6	—
Special Situations	158.0	166.4	+0.2	—
European	173.8	183.0	+0.2	—

Executive Investment Pension Plan
Prices on October 22. Unit dealings on Wednesday.

Cash Fd	140.3	147.7	+0.3	—
Mixed Fd	187.0	196.9	-1.6	—
Fixed Int. Fd	140.0	147.4	-0.6	—
UK Equity Fd	218.0	229.5	-0.6	—
Property Fd	134.2	141.3	+0.1	—
Overseas Fd	189.1	199.1	-4.1	—
Index Linked Fd	105.4	111.0	-1.2	—
Stock Ex. Fd	151.1	159.1	-1.3	—
North Am Fd	117.3	123.5	-0.5	—

[illegible]

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

INSURANCE, OVERSEAS & MONEY FUNDS

Money Market Trust Funds

Money Market Bank Accounts

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733

Special Acc.	9.50	7.10	10.34	Mth
Over £10,000	9.75	7.29	10.62	Mth

Western Trust & Savings Limited
The Moneycentre, Plymouth PL1 1SE 0752 224141

High Int Chq Acc.	11.13	8.32	12.00	Qr

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE. 01-606 9485

High Int Cheque Acc.	11.0	8.22	11.94	Qr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Eqiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ∅ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rates of NAV increase. xd ex dividend.

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	27	NEI	8
Amstrad	15	Nat West Bk.	48
BAT	35	P & O Dfd	45
BOC Grp.	28	Plessey	16
BSR	11	Polly Peck	16
BTR	26	Racal Elect	15
Babcock	16	RHM	24
Barclays	42	Rank Org Ord	45
Beecham	48	Reed Intnl	25
Blue Circle	55	STC	13
Boots	22	Sears	12
Bowaters	32	TI	40
Brit Aerospace	42	TSB	8
Brit. Telecom	17	Tesco	36
Burton Ord	26	Thorn EMI	42
Cadburys	17	Trust Houses	18
Charter Cons.	24	Turner Newall	18
Comm Union	28	Unilever	140
Courtaulds	26	Vickers	36
FNFC	17	Wellcome	17
Gen Accident	75	**Property**	
Gen Electric	15	Brit Land	26
Glaxo	85	Land Secs	38
Grand Met	40	MEPC	32
GUS 'A'	85	Peachey	24
Guardian	75	**Oils**	
GKN	24	Brist. Oil & Min.	3½
Hanson Tst.	18	Brit Petroleum	50
Hawker Sidd	42	Burmah Oil	32
ICI	75	Charterhall	4
Jaguar	42	Premier	3½
Ladbroke	32	Shell	65
Legal & Gen	28	Tricentrol	8
Lex Service	32	Ultramar	17
Lloyds Bank	38	**Mines**	
Lucas Inds	46		
Marks & Spencer	18	Cons Gold	62
Midland Bk.	48	Lonrho	22
Morgan Grenfell	26	Rio T Zinc	62

A selection of Options traded is given on the

LONDON SHARE SERVICE

BRITISH FUNDS

1986 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¾	100⅛	Exch. 13¼pc 1987	100⅛	+⅛	13.21	11.28
100⅝	97⅞	Treas 10½pcCv '87	99⅞	+⅛	10.29	11.30
98¾	92¾	Exch 2½pc 1987	98¼	+⅛	2.55	8.40
101⅞	97⅞	Exch. 10½pc 1987	99⅝	.....	10.54	11.28
98⅝	93⅝	Funding 6½pc 85-87	98⅛xd	.....	6.62	10.30
101¼	96⅜	Treas. 10pc 1987	99⅛	.....	10.09	11.34
97⅛	90⅞	Treas 3pc 1987	96⅝	+⅛	3.10	8.23
104½	99⅝	Treas. 12pc 1987	100⅞xd	+⅛	11.90	11.03
99⅝	92⅝	Treas 7¾pc 1985-88‡‡	96½	+⅛	8.03	10.74
104	96¼	Exch 10½pc '88	99⅛xd	+⅛	10.61	11.23
102⅝	95¼	Treas 9¾pc Cv '88	97⅝	.....	9.97	11.26
94⅛	86⅝	Transport 3pc '78-88	93⅝	+⅛	3.20	8.46
102½	93⅝	Treas. 9½pc '88	97xd	.....	9.79	11.22
107⅛	98⅛	Treas 11½pc 1989	100⅛	.....	11.45	11.22
103⅝	93⅝	Treas 9½pc Cnv 1989	96½	+⅛	9.84	11.16
92⅛	82⅛	Treas 3pc 1989	87½xd	.....	3.43	8.58
105⅞	95⅛	Treas 10½pc 1989	98¼	+⅛	10.68	11.21
104⅞	94¼	Exch 10pc 1989	97⅛	+⅛	10.28	11.15
107⅛	97	Exch 11pc 1989	99½	+⅛	11.05	11.18
93⅞	84½	Treas 5pc 1986-89	88⅛	+⅛	5.67	9.62
110⅛	94⅝	Exch 10½pcCv '89	100¼xd	+⅛	10.29	10.16
114⅛	103⅛	Treas 13pc 1990‡‡	104¾	.....	12.41	11.15
108⅝	97¼	Exch 11pc 1990‡‡	99½	–⅛	11.05	11.14
113½	101⅜	Exch. 12½pc 1990	103¾	.....	12.05	11.15
89¼	79⅝	Treas. 3pc 1990	83¼xd	.....	3.60	8.61
100⅞	89¼	Treas 8¼pc 1987-90‡‡	95⅛	–⅛	8.86	10.56
106⅛	93	Treas. 10pcCv 1990	96⅞xd	+⅛	10.37	11.13
86⅛	76½	Exch 2½pc 1990	80½xd	–⅛	3.12	8.36

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont.

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

INSURANCES

LEISURE

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc

FINANCE, LAND—Cont.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

MINES—Continued

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

Miscellaneous

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 29 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- • Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ## Dealt in under Rule 535(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Figures based on prospectus or official estimates for 1984. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	60	......	Fin. 13% 97/02	£95⅝	......
Craig & Rose £1	£15	......	Arnotts	260	−10
Finlay Pkg. 5p	47	......	CPI Hldgs	48	......
Holt (Jos) 25p	820	......	Carroll Inds.	113	+2
IoM Stm. £1	76	......	Dublin Gas	30	......
			Hall (R. & H.)	79	......
			Helton Hldgs.	29	......
Fund 11¼% 1988	£96½	......	Irish Ropes	110	......
Nat. 9¾% 84/89	£95⅞	......	Unidare	240	......

"Recent Issues" and "Rights" Page 13

FINANCIAL TIMES
Saturday October 25 1986

US glosses over record $220.7bn deficit

By Lionel Barber in Washington

THE US Administration yesterday sought to gloss over a record $220.7bn (£156bn) Federal deficit for the 1985-86 fiscal year.

Mr Ed Dale, chief spokesman for the Office of Management and Budget, predicted a reduction of at least $50bn in the deficit for the 1987/88 fiscal year, taking the figure down to between $160bn and $170bn.

He said: "This is a conservative estimate. If the economy grows at the Administration's projected growth rate of 4 per cent next year, the deficit will be even lower."

The $170bn figure is still well above the $144bn deficit target set by the Gramm-Rudman-Hollings law, which calls for a balanced budget by 1991. Although the figure of $220.7bn was the highest in US history, it was not as high as the $230bn predicted by budget officials two months ago.

Economists said the performance of the US economy next year would be decisive in shaping the deficit for the 1987-88 fiscal year. Mr Dale agreed, but added that it would need a marked downturn to push the deficit target aside. "Barring a terrible performance, you will see a whopping cut in the deficit," he added.

Some economists believe the Administration's forecast growth rate of 4 per cent is optimistic. The Office of Management and Budget has said that a 1 to 2 per cent growth rate in 1987 would impair the $170bn aim.

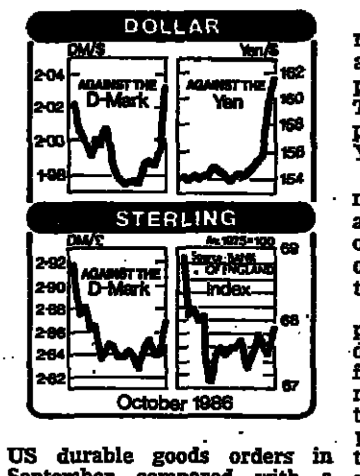
Officials argue that defence spending—a key reason for the bloated deficit, along with the big 1982 tax cut—is now under control. This follows a $30bn cut to $290bn in the 1987 budget forced by congressional pressure.

Mr Dale pointed out that the $290bn defence spending ceiling for 1987 compared with a Pentagon figure of $389bn drawn up in 1984 as part of a five-year spending plan.

Wave of Japanese buying brings sharp dollar rise

BY JANET BUSH AND IAN RODGER

JAPAN'S major banks yesterday delivered a reminder of their power to determine the direction of foreign exchange trading and triggered a wave of dollar buying which took the currency to its highest level for months.



The buying started in New York late on Thursday and carried on in the Far East through the night. Volume in the Tokyo spot market hit a record $8.9bn (£6.2bn) as large-scale institutional purchases forced smaller players into the market. Later, Europeans scrambled to cover their short dollar positions as well.

The dollar touched a high of Y162.50 in Tokyo, its peak since early July, before slipping back slightly on unconfirmed rumours that the Bank of Japan had sold dollars above Y160.

Mr Satoshi Sumita, Governor of the Bank of Japan said the rise reflected a return of confidence in the US economy following the announcement on Wednesday that US gross national product had grown at an annual rate of 2.4 per cent in the third quarter.

The dollar's new-found popularity was underlined by Thursday's larger than expected 4.9 per cent jump in US durable goods orders in September compared with a year before. Orders were strong across the whole range of sectors and provided what traders regarded as the first convincing sign that the US economy has picked up in response to the dollar's big depreciation in the last year.

The more positive mood was enhanced when President Ronald Reagan marked the beginning of his campaign for Congressional elections on November 4 by claiming that the US was on the verge of a second economic boom.

In London, the dollar ended near its day's highs yesterday at DM 2.0320, up about four pfennigs from the close on Thursday, and at Y161.35 compared with its previous close at Y158.15.

European trading was dominated by the dollar's movement against the yen, which spilled over into selling of D-Marks and other currencies in favour of the dollar.

Sterling had a volatile day, pushed and pulled by the dollar's fluctuations. Overall, it fell back against the dollar but made headway against continental currencies, rising three pfennigs against the D-Mark to close at DM 2.87. It closed at 67.9 on its trade-weighted index against a basket of currencies compared with 67.5 on Thursday night.

Demand for dollars continued in New York although its rates against other currencies did not rise far above European levels and the pound was little changed.

US dealers were sceptical about the Japanese interpreting the economic figures as a sign of a pick-up in growth. The durable goods figures are regarded as volatile.

Money markets, Page 11

Freedom on the buses as 50 years of regulation is abolished

By Kevin Brown, Transport Correspondent

FIFTY YEARS of protection in the British bus industry comes to an end today as operators gear up for the introduction of virtually unfettered competition.

The Transport Act 1985, which comes into effect at midnight, allows anyone who can satisfy safety regulations to start a bus service simply by registering the route with the Traffic Commissioners.

The act also sets out to ensure fair competition by breaking up the publicly-owned National Bus Company and forcing local authority bus companies to operate on a commercial basis. It does not apply to London, which was partially deregulated in 1984.

The immediate effect on the majority of bus passengers is likely to be negligible. Only 200 new bus operators have entered the market and there will be competition on only 3 per cent of routes.

The main exception is Glasgow, where the number of operators has increased from 20 to 190, causing fears of traffic chaos in the city centre.

Predictions by opponents of deregulation that many less-used routes will vanish appear likely to prove wide of the mark. Registrations with the Transport Commissioners indicate that buses will continue to operate on almost all existing routes, though some rural and special services may disappear.

About 30 per cent of routes will be subsidised by local authorities on the basis of social need under a tendering system which the Transport Department estimates will reduce the total annual subsidy bill from £558m to about £520m.

The most significant innovation created by deregulation is the introduction of minibus services on a large scale. About 3,000 small buses are being introduced by subsidiaries of NBC and thousands more by other operators.

Taxis will also be allowed to operate bus routes with scheduled timetables, though only about 50 have registered so far.

Mr John Moore, Transport Secretary, said yesterday deregulation was essential to prevent the disappearance of the bus industry, which had lost half its market in 30 years, while fares and subsidies had risen inexorably.

"What we are doing is good for passengers, good for ratepayers and good for the bus industry," he said.

Mr David Mitchell, the minister responsible for implementing deregulation, said there was likely to be confusion for the first few weeks as operators settled down to the new system.

Mr Denis Quin, director general of the Bus and Coach Council, which represents bus and coach operators, said the Government had chosen a "bureaucratic" and "clumsy" method of deregulation.

The Labour Party said deregulation would lead to the loss of marginal routes

Mr Norman Willis, TUC general secretary, said the transport trade unions would be monitoring the loss of services caused by deregulation "together with the chaos caused by private operators scrambling to grab profits at peak periods."

Feature, Page 6

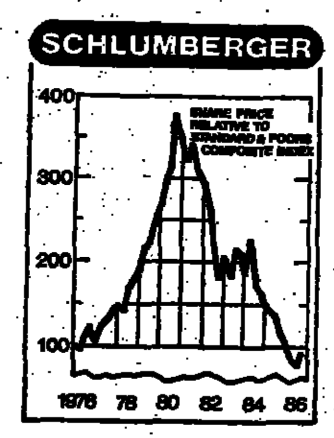
THE LEX COLUMN

Bad dreams at Schlumberger

The last day of the old era passed quietly in London, but New York provided a foretaste of the new. In the largest block trade ever, a Canadian stores group bought some 26m shares of Allied Stores at $67 a share. This is roughly 50,000 times the average bargain size in London before the Big Bang.

But London failed to display its much-vaunted traditional flexibility in financing out-of-the-ordinary projects. Eurotunnel failed to find the City portion of its £200m second-stage financing. Perhaps the City does not feel confident enough about anything to take a long view of risk right now.

Index rose 1.7 to 1251.6



Schlumberger

There is no agreement whether Schlumberger's fall from grace is the result of a monumental blunder or bad luck of tragic proportions; but fall it certainly has. In 1979, when Schlumberger bought the Fairchild semiconductor business, it seemed to be recognising that it could no longer go on squeezing such spectacular growth from its semi-monopoly position in logging oil wells. But in 1982, even as its oil service markets were crumbling and Fairchild still not making money, Schlumberger was still probably the most profitable large industrial company of all: the after-tax return on sales was over 20 per cent and the balance sheet gold-plated.

Since then Schlumberger's major markets have collapsed, the heroic aura of management quality has vanished and the company is operating at a loss. And yesterday's transfer of 80 per cent of Fairchild to Fujitsu will probably gouge another moderately sized chunk out of a balance sheet that stood $500m in write-offs last year.

Schlumberger might conceivably have held on. The business has absorbed well over $1bn in Schlumberger cash, and is held to be well-placed if (rather than when) the semiconductor market turns up. In other words, Fujitsu would appear to be getting more than just a passport to carry its commodity chips past US trade barriers and the chance, possibly, to queue for Pentagon subsidies.

But having written off most of its capital in Fairchild, Schlumberger has evidently decided that chips are not a bit like wireline after all and it cannot afford the drain from chip-making when it must concentrate on seeing its core operation through deep recession all over the world. A company that always charged a premium is now discounting on its wireline services to maintain its market share and cutting costs drastically. Whether the expensive new drilling operations will be kept is another matter.

A write-off in the fourth quarter of even $1bn, including the oil-service assets, would still leave a balance-sheet with about five times as much equity as long-term debt. Schlumberger can afford to wait quite a while for the drilling rigs to reappear. Research spending, and the dividend, are probably just about safe.

Equities

If the equity market was merely concerned with corporate health and profitability, it would not be in such an uncertain state. Earnings are growing this year by around 15 per cent and might rise by 12½ per cent next. On that basis the market multiple for 1987 would fall to the low teens. And balance sheets are in good enough shape for interest rate rises not to worry much of British industry.

But valuing shares is rarely so simple. Since the April peak the market has been caught in a trading range by opposing hopes and fears. If the opinion polls were to swing further in the Government's favour and sterling stabilised, the market might carry on where it left off in April. On the other hand, the economy is not looking too good and further bad news would hit shares. Inflation is beginning to pick up, the current account is moving into deficit and the next Budget may not be able to give too much away.

Although a further weakening of the pound would make companies' overseas earnings look better, and should help exporters while choking imports, it would also increase pressures to raise interest rates and make the UK market less attractive to foreign investors. Those influences would bear more heavily on the bond market, and as the yield gap is already stretched, equities would be held back.

The argument that the Big Bang must boost the market does not hold much water. The FT-SE 100 index rose by 24 points in last Saturday's dress rehearsal, but that just shows that most dealers are natural optimists. When they are dealing for real it seems likely that the sum of market-makers' positions—in this unsettled market—will be close to zero. Commissions have always been a small part of dealing costs for institutions, so cut rates should not, of themselves, cause more share buying. The thought that dawn raids will be much easier in Monday's confused trading encouraged bid rumours to swirl round the market yesterday. Whether these rumours will materialise and push the market higher, who can say?

On Commissions

So. Farewell
Then fixed commissions
and single capacity

Pillars of
The Stock Exchange
You have been swept away
In the so-called Big Bang

Keith's Mum remembers
Dealing for 1.65 per cent

Now First Alaska-Rampit
& Stuffem want £15 minimum
For no-advice dealing and a
Front-end fee
For discretionary management

But Keith and I will
Shop around in what are
Known as financial
Hypermarkets.

Banks in capital strength pact

BY DAVID LASCELLES IN AMSTERDAM

INTERNATIONAL bank supervisors have decided to try to set a minimum common standard of capital strength for banks which compete in the international market place.

This is the principal outcome of one of the largest gatherings of banking officials ever held, with 180 delegates from 90 countries meeting in Amsterdam. It reflects their determination to strengthen the international banking system at a time when innovation and regulatory change are adding to the risks of the business.

In a communique issued at the end of the two-day meeting yesterday, the officials said it was "the clear sense of the meeting that supervisors should press ahead to secure agreement on comparable minimum standards of capital adequacy for international banks."

Mr H. J. Muller, executive director of the Dutch Central Bank, which organised the meeting, said officials had settled technical questions on the definition and measurement of bank capital and now wanted to apply them as broadly as possible.

The meeting was the first time that such a large number of banking supervisors had reached broad agreement, he said, though the leading banking countries are already working together through organisations like the Basle committee of international bank supervisors.

Although agreement on a universal capital standard is likely to take some time, the Amsterdam communique indicates the supervisors' readiness to tackle one of the main problems of international banking. Banks from different countries operate internationally using widely varying amounts of capital. This raises questions of soundness and competitive equality.

Mr Muller said the supervisors had also agreed on other issues, including the disclosure by banks of loan commitments which do not appear on their balance sheets and limits on the amounts that they can lend to a single customer.

Mr Peter Cooke, the Bank of England official who chairs the Basle committee, said the meeting had also agreed on ways to improve information-sharing among banking supervisors in different countries. He did not believe that bank secrecy laws were a big obstacle to this.

The accord reached has regulatory force but is intended to demonstrate the banking authorities' wish to develop an internationally harmonised system of banking supervision.

Lloyd's to pay Manville $62.2m

By David Blackwell in New York

LLOYD's of London is faced with payments totalling $62.18m (£44.01m) to Manville, the US company against which huge claims for asbestos-related illness have been made.

Manville, which has been operating under Chapter 11 of the US bankruptcy code since August 1982, said it had reached an out-of-court settlement providing for payment in three annual instalments. The first is due on July 1 next year or when Manville comes out of Chapter 11, whichever comes later.

Manville sued Lloyd's and 26 other insurance groups in March 1980 seeking a court determination of their obligation to pay for losses suffered by Manville arising from the asbestos related claims.

Payment of the latest settlement is secured by a trust into which cash and funding contracts purchased by Lloyd's from Metropolitan Life Insurance have been deposited.

French-led space plan starts

BY PETER MARSH

WESTERN EUROPE has formally started to develop Hermes, a manned space vehicle to be carried into orbit by an Ariane rocket. This has happened inspite of some scepticism, particularly from Britain, that the French-inspired project might be too costly and detract from other space programmes including the UK's Hotol project.

Mr Geoffrey Pattie, the UK industry minister responsible for space technology, said Hermes might turn out to be "a prestige project." He suggested that Europe might do better putting all its resources into Hotol, a launcher that promises to fly from an ordinary runway.

The 11 member countries of the European Space Agency have until the end of next month to decide how much to contribute to the $50m (£35m) design phase of Hermes.

The decision to proceed with the programme, which could cost $2bn to $5bn for completion by 1995, was taken at a meeting of the agency in Paris this week. An official said there was "a high level of enthusiasm" for the small, winged capsule which looks like a miniature version of a US space shuttle.

France has said it will pay 40 to 45 per cent of design costs. West Germany has agreed to provide up to 30 per cent although it says it still has to be convinced about the need for Hermes and has refrained from committing funds to the full construction programme.

Britain has also been sceptical, and has yet to decide whether to back the design phase.

France is not keen on the UK's Horizontal Take Off and Landing (Hotol) project, a space-going aeroplane, because it would dispense with technology derived from the French-led Ariane programme.

Mr Pattie said that Hermes could turn out to be a "prestige project" aimed simply at putting Europeans into space, whereas Hotol-like vehicles offered the opportunity to reduce the cost of taking people and materials into orbit.

However, the question of funding for Hermes and Hotol was a matter for Europe as a whole to decide. "As a member of a club, we (Britain) will go along with whatever is agreed."

The shape of Europe's space programme over the next decade is due to be decided at a special ministerial meeting of the agency next summer. The countries will decide then whether to go ahead with building Hermes and the two other big programmes now in the design phase—a manned space station, Columbus, and a more powerful form of Ariane. The meeting would also decide the priority of other projects such as Hotol and the similar Sanger project proposed by West Germany.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES			
Treas. 13¼ pc '97	£112¼	+	⅞
Bluebird Toys	271	+	31
Blue Circle	628	+	18
Caledonia Invs.	281	+	10
Carclo Eng.	480	+	12
First Ntal. Finance	171	+	6
Haggas (J.)	140	+	6
Helical Bar	330	+	17
Matthews (B.)	276	+	8
Pearson	555	+	15
Pilkington Bros.	517	+	35
Polly Peck Intl.	183	+	13
REA Hldgs.	206	+	8
Renison	420	+	16
Royal Insurance	844	+	15
Sears	132	+	4½
Trade Promotion	195	+	15
Trusthouse Forte	155	+	4
Woodhead (J.)	96	+	5

FALLS			
BBA	143	−	19
BP	648	−	12
Cultus Resources	20	−	6
Dawson Intl.	224	−	6
De Beers Defd.	490	−	15
FR	309	−	25
Geevor Tin	20	−	7
Poseidon	159	−	15
Shell Transport	898	−	13
Tomkins (F.H.)	273	−	10

WORLDWIDE WEATHER

UK today: Rain everywhere, some hail or thunder. Very windy. Temperatures near normal. Outlook: Rain, rather cold.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	20	68	Corfu	F	22	72	Luxmbg.	F	7	45	Peking	C	12	54
Algiers	C	21	70	Dallas	S	19	66	Madeira	S	23	73	Perth	S	23	73
Amsdm.	F	11	52	Dublin	R	11	52	Madrid	F	12	54	Prague	F	8	46
Athens		—	—	Dbrvnk.	R	13	55	Majorca	F	19	66	Reykjvk.	F	2	36
Bahrain		—	—	Ednbgh.	C	10	50	Malaga	F	23	73	Rhodes	F	23	73
Barclna.	C	17	63	Faro	C	21	70	Malta	S	24	75	Rio J'o	S	22	72
Beirut		—	—	Florence	S	17	63	M'chstr.	C	10	50	Rome	S	20	68
Belfast	C	11	52	Frankft.	F	9	48	Melbne.	C	13	55	Salzbrg.	F	7	45
Belgrd.	R	6	43	Geneva	S	11	52	Mex. C.	S	21	70	S Fisco	F	19	66
Berlin	C	9	48	Gibraltar		—	—	Miami	F	29	84	Singapr.		—	—
Biarritz	C	15	59	Glasgow	R	10	50	Milan	F	15	59	S'tiago	S	27	81
Bmghm.	F	11	52	G'nsey	R	11	52	Montreal	F	7	45	Stckhm.	S	7	45
Blackpl.	R	10	50	Helsinki	S	7	45	Moscow	F	11	52	Strasbg.	F	12	54
Bombay	S	35	95	H. Kong	F	26	79	Munich	C	9	48	Sydney	S	23	73
Bordx	F	11	52	Innsbrk.	F	10	50	Nairobi	F	27	81	Tangier	C	22	72
Boulgn.		—	—	Invrnss.	C	8	46	Naples	F	21	70	Tel Aviv	S	27	81
Bristol	R	10	50	I.o.Man	R	11	52	Nassau		—	—	Tenerife	C	23	73
Brussels	F	11	52	Istanbul	S	21	70	Nwcstl.	C	9	48	Tokyo	C	16	61
Budpst.	S	10	50	Jersey	R	11	52	N Delhi	S	28	82	T'ronto	S	0	32
Cairo	S	29	84	Jo'burg	T	25	77	N York	S	15	59	Tunis	F	21	70
Cardiff	C	10	50	L. Plms.	C	23	73	Nice	S	20	68	Valencia	S	19	66
Cape T.	S	18	64	Lisbon	R	18	64	Nicosia	S	24	75	Venice	S	14	57
Chicago	R	13	55	Locarno	S	14	57	Oporto	R	16	61	Vienna	F	10	50
Cologne	S	11	52	London	C	12	54	Oslo	S	3	37	Warsaw	C	7	45
Cpnhgn.	F	9	48	L. Ang.	S	20	68	Paris	F	11	52	Zurich	S	9	48

C—Cloudy. F—Fair.—R—Rain. S—Sunny. T—Thunder.

Eurotunnel Continued from Page 1

Eurotunnel's bankers and brokers were understood to be meeting urgently in London last night to discuss the next move.

The failure to achieve the target by last night is a blow to the project's credibility, however much the consortium tries to put a brave face on it.

Eurotunnel denied last night that the placing had failed. It stressed that the full prospectus issued earlier this week had said that subscriptions were payable "not later than 2 pm London time on October 29.

"There is still plenty of time for the subscriptions to come in," a spokesman said.

There was no indication of where the shortfall had occurred, although there has been concern that not enough British institutions were supporting the project.

Earlier yesterday it had seemed that Eurotunnel's British brokers were close to achieving their £70m target, several major institutions having pledged support.

British institutions which have said they will subscribe include Prudential, which is understood to have pledged £5m, Norwich Union, which has pledged £1.5m, and National Provident, which has put up less than £½m.

Standard Life also said that it had subscribed "a reasonable amount," but declined to say how much.

Eurotunnel is seeking to raise a further £70m in France. It is thought unlikely that the consortium will have had any difficulty raising this sum. The French placing has been considered a virtual *fait accompli* for several months.

In addition, £60m is due to be raised in roughly three equal tranches in Japan, the US and the rest of the world. There is thought to have been particularly strong interest in the placing from Japanese institutions.

The consortium has the flexibility to raise more from overseas markets to cover shortfalls elsewhere, but would prefer not to.

It will be working hard to bring subscriptions up to the £206m by next Wednesday and to limit any further damage to the project's credibity, with a much larger £750m share offer planned for next summer.

Fujitsu/Fairchild Continued from Page 1

nologies, according to Mr Brooks.

For Fujitsu, the acquisition of a controlling interest in Fairchild represents an opportunity to increase US sales without creating trade friction.

Under the recent US-Japanese trade agreement, Fujitsu has been forced dramatically to increase its US prices for memory chips. Now Fujitsu is expected to move quickly to establish a US memory chip manufacturing plant that will not be subject to government price controls.

With the Fujitsu share purchase, Fairchild will be "expanded by integrating Fujitsu's US semiconductor business and the company's German operations" with Fairchild, according to the companies. Schlumberger will hold a 20 per cent stake.

Fujitsu's operations in the US already include Fujitsu America a telecommunications and computer equipment company and Fujitsu Microelectronics, a semiconductor subsidiary. Fujitsu's other large US investment is its 47 per cent ownership of Amdahl Corporation, a mainstream computer manufacturer.

ICL, the largest British-owned computer maker, has a technology collaboration agreement with Fujitsu, which supplies chips for ICL's large machines.

As Japan's largest computer maker, Fujitsu, has been hit by the fall in semi-conductor prices and the appreciation of the yen. The group saw pre-tax profits fall by 70 per cent to Y37.3bn (£163.5m) for the year ended March, 1986.

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WEEKEND FT

Saturday October 25 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Thoroughly modern Will

The latest revision of The Complete Works has cost £1.2m. Anthony Curtis reviews a radical Bard

NEXT THURSDAY is Big Bang in the world of Shakespeare publishing. The first manifestation of eight years labour by the Shakespeare Department of the Oxford University Press will appear in the bookshops: William Shakespeare. The Complete Works; one volume in modern spelling. It weighs just under a stone on my bathroom scales, and retails at £19.95.

Whatever flutterings there may be in the dovecotes of academic English faculties as a result of this fresh look at the canon of Shakespeare's texts — and they are likely to be lively — it cannot fail, at that price, to be the book bargain of the year.

The Shakespeare Department was established by the OUP in 1978. The Press felt that to do the job properly the Bard's editors *should* be released from the routine teaching and administrative workloads which dons usually combine with textual editing. The cost of the project, so far, has been £1.2m, not including printing and binding of the editions. The department has its own premises separate from the main building of the Press — offices that once housed the editors of the Oxford English Dictionary.

Stanley Wells, a name familiar to users of the New Penguin Shakespeare and of the new multi-volume Oxford one, was appointed editor. Now in his late 50s, Wells was formerly the resident fellow, in Stratford-on-Avon, of the Shakespeare Institute, a graduates' centre. He is a sensitive, quick-thinking scholar whose prominent features suggest that he might suitably be cast as Kent in King Lear, or possibly Prospero, in The Tempest. In private life he is married to the novelist Susan Hill. Wells was joined in the OUP Shakespeare Department by the much younger, "whizz-kid" academic, Gary Taylor, who has now gone off to teach at the Catholic University of America. Under their general editorship two more scholars, John Jowett and William Montgomery, were appointed to work on individual texts; the team was completed by a secretary, filing cabinets, a bulletin-board and two or three computers. Wells and Taylor were told to go away and do nothing but breathe, eat, talk, read, sleep and dream Shakespeare until they had come back with "the best, the most authoritative edition of one of the world's greatest writers."

But why is this massive overhaul of Shakespeare's texts considered necessary? After all, it is not as if there were a serious lack of one-volume editions of the Complete Works; several, modestly priced, are on the market already. And why is it considered necessary for both the Oxford and the Cambridge University Presses to be currently publishing rival multi-volume editions?

The two new multi-volume editions will not be complete for several years. Meanwhile if you want an edition already complete in separate volumes you have a choice of at least two: the New Penguin (all but complete) and the Arden. The Royal Shakespeare Company uses the Penguin edition; the Arden, published by Methuen, is an admirable edition for general use. But if you were thinking of buying a complete set of the Arden edition, be warned. By the next decade it will be obsolete.

Already plans are under way for a New Arden edition, the first volumes of which *will appear in the 1990s.*

But *why?* The answer is two fold: the astonishing and continuing vitality of Shakespeare's work, constantly being produced in the theatre, read for pleasure and re-examined critically; and the way that work has been transmitted historically. Although we have one or two precious scraps of Shakespeare's handwriting we do not have the manuscripts of any of his plays — the original texts.

What we have, in many cases, is a version or versions printed during Shakespeare's lifetime: the Quarto; and another version in a collected edition, edited by two of his actor colleagues after his death, the Folio.

Not only are there many disparities between the Q and the F texts, there are also, for many of the plays, more than one edition of Q and F. There are even disparities between different copies of the same edition. Early printers would sometimes stop the press, while running off an edition, to correct a mistake. In the laborious task of collating all these variants, modern photocopiers and computerised concordances, now readily available, are a great resource. But however rapidly and efficiently the evidence may be marshalled by new technology, the crucial decisions remain human.

Take one example. At the opening of King Lear, when the enraged king is threatening to assault Kent, the Folio version has the line: *"Alb. Cor.* Deare Sir forbeare." Does this mean that Albany and Cornwall are defending Kent or that Albany and Cordelia are defending him? Either is possible; either works in production; but each gives a different emphasis at this important juncture. Someone has to decide what to do about that line when the play is printed in a modern spelling edition. That someone is the editor.

The versions of Shakespeare's plays that we have seen in the theatre, and the texts we have been using all our lives — which we subconsciously regard as sacrosanct — are made up from hundreds of controversial editorial decisions of this kind. Ever since the 18th century, when Shakespeare was edited by men of the calibre of Pope and Johnson, strenuous debate has been in progress not only about the major textual questions, but also on the basic assumptions by which answers to these questions may be reached. The debate has now arrived at a fascinating, radical point and the new Complete Oxford edition will serve to give the argument the widest exposure.

Its main thrust turns on whether you think Shakespeare was a one-off man who wrote his plays once and once only, leaving others to tinker with them when they were performed on different occasions and in varying circumstances; or whether you think Shakespeare himself considerably revised and reworked his texts in the light of experience gained; whether through performing in them or observing them being performed. Shakespeare's colleagues who saw his plays into print in the Folio version after his death tell us that he seldom corrected — "blotted" — anything. Influenced by this, scholars up to now have seen the disparities between texts arising from a variety of causes other than by Shakespeare simply changing his mind.

In the case of a "bad" Quarto text — that is a text wildly at variance with other Quartos and the Folio, such as, for example, the 1603 Hamlet — scholarly editors have invoked a 17th century practice they call "memorial reconstruction," a text supposed to have been printed from a version remembered *verbatim* by an actor or group of actors. Surely, though, it is a very odd memory that recalls the name Polonius as Corambis?

Leaving aside that very special case, editors have regularly set to work by thinking back to Shakespeare's original manuscript text, to which the versions we have must approximate with varying accuracy. They then have to decide whether one version can supply the deficiencies of another, and they end by giving their readers a composite version conflated from the Quarto and the Folio, translated into modern spelling. The idea, particularly striking in Othello and Lear, that different contemporary versions might have arisen through Shakespeare rewriting his own plays, was ruled out of court by most scholars until about 15 years ago.

One small dissenting voice, from the theatre itself, was Granville Barker's; a second, that of another scholar with practical experience of the theatre, was Nevill Coghill's. His Clark Lectures, delivered at Cambridge in 1959, were titled: Shakespeare's Professional Skills. In them Nevill Coghill offered "a dramaturgical analysis of certain passages in the 1623 Folio text of Othello which diverges from the 1622 Quarto text . . . which divergences can only be explained on the supposition that, in this play at least, Folio embodies a Shakespearian revision of a play that appears in the Quarto."

In the office of the OUP's Shakespeare Department, the two editors, Stanley Wells and Gary Taylor, became more and more convinced of the truth of this line of thought. Taylor in particular emerged as a zealous revisionist: three years ago he co-edited a book of essays, The Division of The Kingdoms: Shakespeare's Two Versions of King Lear, by scholars of similar persuasion. They pointed to things such as the diminution of the part of Kent in the Folio text, and the speeding up of the political intrigue; and the absence of that scene where Lear, designating the Fool and Mad Tom as learned justices, conducts a trial of Regan and Gonerill in the hovel while the storm rages outside. Such changes, it was argued, were the result of Shakespeare having a rethink about the play after seeing it acted — and, possibly, sensing the hot breath of the Master of the Revels (the Censor) on his neck.

Wells wrote the first article in the volume and stated the main argument for Shakespeare as a reviser. What, then, were he and Taylor going to do when they came to print the text of King Lear in their Complete Oxford Edition? Would they use the Quarto version with its mock trial, or would they settle for the later, somewhat leaner Folio version?

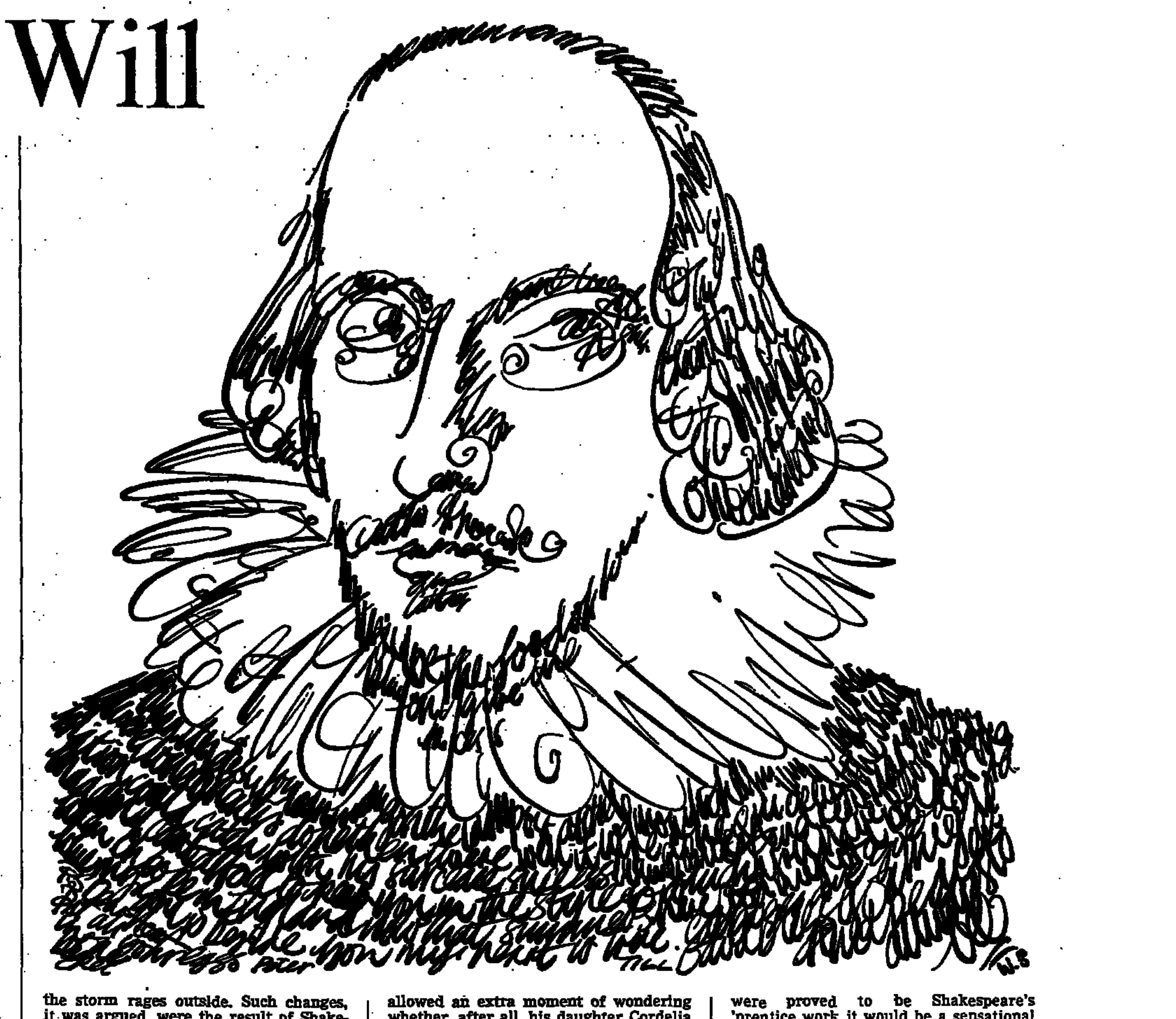
With other Shakespeare plays, where a similar problem arises, Wells and Taylor have solved it by printing additional passages as an appendix at the end; but they decided the two versions of King Lear were so distinct that the only thing to do was to print both versions, one after the other. We get two Lears for the price of one. To call them different plays would be an exaggeration, but there are one or two points where the ordinary reader will be conscious of a definite change of tone. The most striking of these comes at the end, in Lear's death scene. In the Folio version Lear's agony is prolonged, and he is allowed an extra moment of wondering whether, after all, his daughter Cordelia may not still live: "Do you see this? Look on her. Look her lips. Look there, look there." These lines do not appear in the earlier version.

Not everyone in the world of Shakespeare studies is convinced of the validity of the two-text theory. The Complete Works will arouse as much storm as the authentication of the Song, "Shall I Die?" which Taylor discovered recently in the Bodleian Library and believes is the work of Shakespeare.

If the canon has been considerably widened to include all manner of items hitherto thought of as apocryphal, it has still not been widened enough for some. One of these is Eric Sams, a former civil servant who, since retirement, has plunged into the shark-infested waters of Shakespeare scholarship with a commendable lack of concern for his own safety. Mr Sams recently published a new edition of an anonymous play, Edmund Ironside (about a struggle for the throne of England in Anglo-Saxon times), which exists in manuscript. Mr Sams is certain it is by Shakespeare; written in 1588, two years before Titus Andronicus, with which it has many parallels of language and style. If this were proved to be Shakespeare's 'prentice work it would be a sensational discovery: the only play of Shakespeare's to exist in manuscript. One American handwriting expert is convinced this play is the same hand that penned the famous will in which Shakespeare left his second best bed to his wife.

But Taylor is no less vehemently of the opinion that the play is not by Shakespeare as he is that both King Lear texts are by Shakespeare. The ordinary playgoer, not overly concerned about the authenticity of a text — Ironside is, by the way, a terrible play — so long as it is well acted and entertaining, may regard these skirmishings among scholars with a smile. The skirmishings are likely to continue for some time. The field is wide open. Revisionism is in fashion — in Oxford at least. If it serves to rob Shakespeare of quasi-divine status and turn him back into a human being, one who combined the different theatrical functions of author, actor, director, literary manager and administrator, they are surely to be welcomed.

No text of Shakespeare's will ever be the final one. This new Oxford text is likely to make us think again about the plays more searchingly that any of its predecessors.



The Long View

Unwelcome echoes from the Barber era

The economic policies of Mrs Thatcher are looking more and more like those pursued by her arch-critic, Mr Edward Heath. He may have meant well, but there are no excuses this time, Anthony Harris argues

THIS IS something of an odd column. The Long View tends, on the whole, to take a contrarian line; this time it reflects a growing consensus among the more thoughtful City analysts. Moreover, I usually hope that events will prove the judgment offered here to be right— this time, it would be delightful to be proved wrong. All the same, facts are facts, and they are beginning to look sinister.

One could put the thing as a series of trick questions, but nobody old enough to remember the Heath period would be tricked for a moment. Which Chancellor achieved an unannounced devaluation by keeping clear of a European exchange rate pact? Mr Lawson— and, of course, Mr Anthony Barber. Which Governor of the Bank of England explained away the growth of broad money as the result of financial innovation? Mr Robin Leigh-Pemberton, this week—and in his day, Lord O'Brien.

Of course there are differences. Mr Heath had an incomes policy (and a highly inflationary policy it was—a fact which might be remembered by those who today preach incomes policy as a cure-all). The Thatcher government is at present satisfied to preach sermons on wages. Mr Barber reinforced the credit explosion with a strong fiscal stimulus: Mr Lawson could still prove, in March, how different he is.

No realist would bank on Mr Lawson's Puritan instincts, though. The motivation is much the same as it was in the early 1970s—high unemployment; reinforced this time by a rapidly shortening electoral horizon. Mr Lawson talks of tax cuts; the Government pushes on with privatisation to finance them. This makes the policy look different; *public sector borrowing appears* more or less under control. But this optical illusion does not fool the markets.

The economic and financial background only strengthens the sense of *déjà vu*. In 1972-73 we had a runaway house price boom while the current account slid into deficit as if on a toboggan. Not much difference there. *The stock market boomed* and then partially fell back, but the gilts market signalled inflation worries: equities peaked in 1972, but by 1973 the yield on 20-year Government bonds stood almost precisely where it stands today.

A recent Greenwell's survey showed the fund managers saying that they are allowing for future medium-term inflation of 5½ per cent. *But the gap between* the yield on gilts and the yield on indexed stock is now about 7 per cent. It seems that the Chancellor and the Governor don't cut much ice when they simply talk about fighting inflation.

That is perhaps why the official figures show a new flood of institutional money into overseas markets; the exchange rate is the most eloquent comment on market confidence in the Government.

So much for the case for the prosecution. The facts are not as unambiguous as all that, and it is only fair to look at the other side.

First, the message from the markets is not unambiguous; it *is impossible to say how far they* reflect fears about the policies of the present Government, and how far they reflect fears of a change of government. There *is certainly some political hedging* going on.

Second, and more important, the numbers are by no means as bad as they were in the Barber era. The money, wage and inflation numbers are all well below their values then, and nobody forecasting the kind of *sickening slide into deficit which* we suffered in 1974 (over £3bn in the money of those days, or about £10bn in today's terms).

Also, monetary policy is a great deal more cautious than it was then. Short-term interest rates, the sharp edge of official policy, are more than 2 per cent higher than they were in 1973, while inflation is more than 7 per cent lower. This is a wild contrast; yet the appetite for borrowing has not been choked off. *Meanwhile fiscal policy, as* measured by the public sector financial deficit (which is not distorted by privatisation) is not notably different from Mr Barber's.

Of course the Government is fully entitled to take oil and foreign investment income into account in framing its policies, so that, in context, the stance of policy is not yet downright alarming. What is alarming, though, is that while in the Heath era the Government was unashamedly trying to dash for growth, the present Government likes to describe its policies as cautious.

So far as this is normal political hypocrisy it can be forgiven, if with distaste. But is it hypocrisy? It Mrs Thatcher's opposition to joining the European Monetary System based on a wish to avoid political embarrassments with the exchange rate until the election is safely out of the way — or does she actually believe the nonsense she hears from some of her advisers about preserving our monetary independence? When she talks in Parliament of EMS membership actually making interest rates more volatile (which is true only in periodic adjustment crises), one's heart sinks. If she believes that, she may also believe her own claims that her Government is practising sound financial management. The City doesn't.

The economic judgment remains somewhat depressing, but so far less than alarming. Present policies look inflationary, but not on the scale of Mr Heath's experiment. On the *other hand there is also a moral* judgment to be made. Mr Heath still sincerely believed in dashes for growth, and indeed much of the world was doing much the same thing.

There is, no excuse at all for making the same mistakes again, even if on a *smaller scale, with Mrs T in the* role of the Victorian parlourmaid who explained that her baby was "only a little one." If it is a cynical election manoeuvre, it might be poetic justice if it worked; there would be a grim satisfaction in watching one Conservative Chancellor mopping up his own spilt milk. Mr Barber had to hand over his dishcloth, and Mr Maudling never even started.

• CONTENTS •

Old ways end, not with a bang but a whimper

"THIS IS the way the world ends, not with a bang but a whimper."

It cannot be often that the lugubrious, philosophical poetry of T. S. Eliot has much in common with the mood of the London Stock Market (despite Eliot's other career, as a banker).

But this week the market has had a distinctly whimperish feel as the old world ends and the City braces itself for the uncertainties of Big Bang, which finally arrives on Monday.

Turnover has been noticeably restricted, with dealers unwilling to open new positions ahead of Monday, and volume is expected to be light well into next week as firms run in their new trading vehicles.

But what movements there has been in gilt and equity prices over the past week has been of a generally downward direction, amid continuing concern over the trends for sterling, interest rates and UK inflation.

This week's agreement by OPEC on output levels for the rest of the year did little to boost the UK currency, since the pact is short-term and fragile, and had anyway been widely discounted by the markets.

And on the negative side, the September trade figures announced on Thursday were somewhat worse than most City expectations, unsettling sterling and strengthening the possibility that 1986 might see the first current account deficit in seven years.

The trade figures presented a stark contrast to the bullish picture on economic prospects painted the previous week by Mr Nigel Lawson, the Chancellor. They intensified concern that the 1 per cent rise in interest rates engineered by the Government 10 days ago might not be enough — though the City remains sharply divided on this point.

And inflationary fears will not have been dampened by a statement from the Governor of the Bank of England signalling that the Government might abandon a formal target for the growth of sterling M3, the broad measure of money supply which was once at the centre of its anti-inflationary strategy. M3 has long been discredited as an accurate tool, with official policy switching to monitoring the exchange rate and Mo, the narrow measure of money supply.

But the Government has no formal exchange rate target and the financial markets are suspicious of Mo, so an abandonment of M3 would leave analysts even more uncertain of what to keep their eyes on.

This week's particular mix of the currency-inflation-interest rate cocktail produced some sharp falls in gilts, with equities following on down. The FT-SE 100 Index which a week ago stood at 1610, after a brief fortnight's rally, ended last night at 1577.

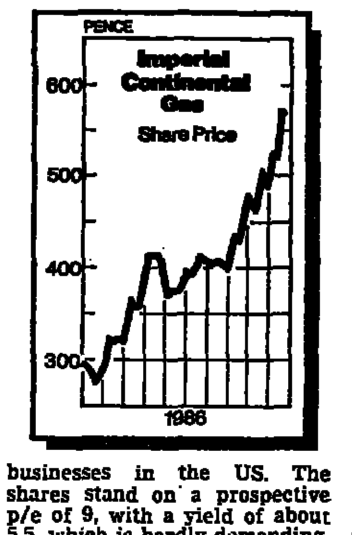
The major changes in individual share prices have been produced by a rash of new takeover bids—or rumours of bids—as well as some disappointing figures from Hawker Siddeley, the engineering group, and a sharp cut in forecast profits by Systems Designers, one of the country's leading computer software houses .

London

Hawker has a reputation for catching the market on the hop with its results—which in the past have been both far higher and lower than expectations. This week proved no exception, when it produced interim pre-tax profits virtually unchanged at £72.1m. The shares went into a nosedive and analysts hastily revised their full year figures down from around £180m to about £155m.

The problem was essentially twofold: adverse currency movements, plus a fall in oil prices which sharply cut demand in the Middle East for Hawker's diesel engines, without producing a corresponding surge in orders for its products in oil-consuming nations.

The company says it is a temporary setback, and next year should see the fruits of its good order book and the £110m it has spent this year on acquisitions, mostly electrical



businesses in the US. The shares stand on a prospective p/e of 9, with a yield of about 5.5, which is hardly demanding. But the share price has underperformed the market for the past five years and, after the latest surprise, investors will be in no mood to take matters on trust.

Another David and Goliath battle was launched this week in the form of a £750m bid by Gulf Resources, a small US energy group, for Imperial Continental Gas Association, which is best known as the distributor of Calor Gas.

Although launched by an American company, the brains behind the bid are resident in the City of London and belong to twin brothers David and Frederick Barclay, who hold 34 per cent of Gulf and have management control. The Barclays are among Britain's most secretive businessmen, running a private empire based on hotels and brewing.

The bid is the latest example of what is still a relatively rare phenomenon in the UK (though common in the US)—the highly leveraged deal financed largely by borrowings.

Gulf is borrowing £670m from a consortium of UK and foreign banks, and would pay much of this back by selling off IC Gas's portfolio of shares in Belgian companies, notably a 7.2 per cent stake in Petrofina, the energy group.

The Barclays say they would retain and improve the performance of Calor, as well as hanging on to the group's North Sea oil interests. Nevertheless, if successful, it is not inconceivable that they would find other parties sufficiently interested in the parts to break up the entire business at a profit.

Certainly, the market thinks IC is worth more than 580p a share they are offering, with the shares trading well above that in the hope of a higher Gulf bid or a rival offer, possibly from Petrofina, which has denied any such intention.

There was a Transatlantic cause to another of the main price movements of the week—a sharp rise in the shares of Mercury International Group, the UK financial services conglomerate formed for Big Bang around S. G. Warburg, the merchant bank.

The cause was Mr Saul Steinberg, one of the most feared of American corporate raiders, who began buying shares in Mercury a year ago, much to the consternation of its management. He finally agreed to hold his stake to below 10 per cent.

But this week he said his Reliance Group was scrapping that pact, because it was dissatisfied with the Mercury management's performance and "had no choice but to do what it concludes serves the best interests of Mercury and its shareholders."

Will Mr Steinberg raise his stake, or is he bluffing, and will he eventually unload his stake at a substantial profit? Whatever the outcome, the City this week found a certain piquancy in one of the proudest, most successful of British financial institutions, being accused of poor management by an American interloper. A fitting image, perhaps, for the last few hours before Big Bang.

Martin Dickson

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1986 high	1986 low	
FT Ordinary Index	1,251.6	−29.9	1,425.9	1,094.3	Quietly easier awaiting Big Bang Day
Bejam	166	+10	184	146	Iceland Frozen Foods bid hopes
Berkeley Exploration	50	+12	90	28	45p per share bid from Ranger Oil (UK)
Consolidated Gold Fields	644	−55	699	409	Bid speculation subsides
Davidson Pearce	135	−18	185	130	Agreed merger with CPM
Grosvenor	135	+10	160	90	Bid from Hollis
Hawker Siddeley	405	−50	620	405	Interim figures disappoint
Heath (C. E.)	553	+73	703	427	Hostile bid from PWS International
Imperial Continental Gas	568	+50	573	273	530p per share bid from Gulf Resources
LCP	181	+44	184	111	Unwelcome bid from Ward White
Lec Refrigeration	268	+30	322	220	Bosch stake-building speculation
Lilley (F. J. C.)	24†	−25	91	18	Rumours of financial problems
Mercury International	360	+40	426½	280	Saul Steinberg to increase stake
Property Hldg and Inv Tst	176	+11	176	107	Agreed offer from Wingate
Renison	420	+49	420	225	Interest in Porgera gold venture
Saatchi and Saatchi	590	−50	936	570	Renewed fears of US problems
Smith New Court	176	+17	206	152	Hopes of increased share turnover
Sterling Industries	150	+37	160	90	British and Commonwealth link
Systems Designers	50	−30	130	44	Profits warning

† Price at suspension.

French out of fashion

OVER THE years French Connection has conjured a series of excuses for lack-lustre results: from problems in the US, to a strike at South Shields and the assassination of Mrs Gandhi. Last week it had a different tale to tell when it blamed sluggish sales in Britain for the halving of its interim profits.

In many ways the story of French Connection reads like a morality tale for the perils of over-optimism on the USM. When the company came to the market in 1983, as the first fashion house to go public for more than a decade, it was billed as one of the USM's whizzier recruits.

A cursory glance at the prospectus spoke volumes about the volatile nature of the fashion industry. French Connection's profits had oscillated wildly in previous years. But the company was young and tough enough to have weathered these troubles. The issue was not only over-subscribed 12 times but the share price, buoyed by a sparkling set of results, rose sharply from 123p to 395p within a year.

Yet the stock market is every bit as fickle as French Connection's trendy young customers. When the news broke in spring last year that the US acquisition, which had boosted profits so impressively in the previous autumn, had run into problems French Connection's share price began to fall. In August this year when Mr Stephen Marks, the chairman and chief executive, announced that trading in the UK had been difficult, the price dropped to 130p, only a little higher than the offer price almost three years before.

By the time the interim results came out last week French Connection could counter the news that pre-tax profits had fallen from £2.87m to £1.28m by waxing bullishly about recovery in the second half. The share price vacillated before the announcement but ended the week at 190p.

Above all the City loathes surprises, especially unpleasant ones. French Connection has provided far too many in its short life as a publicly quoted company to ever win back its laurels as a favoured stock. But the company and its brokers, Kleinwort Grievson — which forecasts profits of £3.2m for the full year — clearly believe it is on the road to recovery. What does the future hold?

French Connection's problems in the US are perhaps more easily explicable than those in Britains Best Of All Clothing, the US fashion wholesaler in which it has a 50 per cent holding, was heavily reliant on the big US chain stores. Chain store buyers impose intense pressure on prices and are

USM
UNLISTED SECURITIES MARKET

notoriously fickle in their relationships with suppliers. Best Of All Clothing's problems began when the chain store buyers spurned one of its collections.

The solution was to cut costs and to jettison the chain stores in favour of large department stores and independent retailers. The strategy seems to have worked. Best Of All Clothing broke even in he interim period and should produce a profit of about £300,000 in the second half, returning to its previous profit levels of £1 mor so next year.

In the UK French Connection's position is more problematic. In the spring the company fell victim to the vagaries of the British weather. Wet, windy conditions are not conducise to buying spring or summer clothes. The collection sold slowly, wholesaling — which provides 90 per cent of sales—suffered from a pancity of repeat orders. French Connection was left with surplus stocks and was forced to slash prices.

The new areas of the business, the men's wear and Nicole Farhi designer collections, are faring well, mustering growth of 20 per cent in sales and profits. But these divisions provide a tiny proportion of sales and their contribution was too small to offset the decline in women's wear.

French Connection's problems were compounded by the expense incurred by its first foray into advertising. The company had commissioned Saatchi & Saatchi to produce a £400,000 campaign in the first half which, as Stephen Marks put it, "could not have come at a worse time."

The company is eager to expand its retailing activities but so far has been scuppered by the high prices of individual shops and retail chains. French Connection succeeded in acquiring the Western Jeans group this summer, but failed in its attempt to buy a far larger chain from Raybeck last year. Similarly, it missed an opportunity to double turnover by forging a liaison with the mail order house, Grattan, this spring. Grattan plumped for Next instead.

Retail sales in the UK have, at least, recovered. The autumn/winter collection is selling well and French Connection has had a favourable response to the next spring/summer range. The company can, quite convincingly, argue with the City that its sluggish sales were confined to a single season. But it will be much, much more difficult to argue that the problem will not crop up again.

Alice Rawsthorn

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND DEALS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated.				
Berkeley Expln	45*	49	38	10.98	Ranger Oil
Bluebird Confctn	112*§	110	98	4.07	Hillsdown
Brownlee¶	74*	71	64	17.90	Meyer Intl
Burmatex	243§§	242	240	17.01	Sirdar
Crusts	129	119	100	7.49	Kennedy Brookes
Deborah Serv	156	144	78	12.64	Scott Greenham
Dew (George)	123§	118	114	9.84	Allied Plant
Garnar Booth	189§ §§	176	184	18.23	Strong & Fisher
Gilbert House	15*§	88	13	4.32	Letts Green Est
Grosvenor Group	125†§	135	120	7.79	BBA Group
Grosvenor Group	143½	135	125	8.94	Hollis
Hargreaves Grp	275§ §§	270	180	98.68	Coalite Grp
Heath (C. E.)	581	553	480	183.43	PWS Hldgs
Imp Cont Gas	530*	573	518	753.13	Gulf Resources
LCP Hldgs	180†	181	137	147.18	Ward White
May & Hassell	140†	138	112	13.14	Hillsdown Hldgs
McCorquodale	270§	263	258	138.38	Norton Opax
Monk (A.)	153*	152	119	16.54	Davy Corpn
Ocean Transport & Trading	225*§	234	217	257.53	IEP
Osceola Hydrocrb	14½	14	11	3.64	Eglinton Oil
Prince of Wales Hotels	89½	83	80	11.09	Goldsmiths Grp
Prop Hldg & Inv	130	176	145	102.58	Greycoat Group
Prop Hldg & Inv	205	176	166	161.76	Wingate Prop Inv
PSM Intl	199§§	188	180	24.15	McKechnie Bros
Sandhurst Mkt	88½	86	85	18.32	Tootal
Webber Elect¶	110*	108	98	5.07	IMI
Wedgwood	565	538	423	256.28	Waterford Glass
Woodhead (J.)	109§	96	91	16.85	Carclo Eng

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 24/10/86. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. |||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
C. H. Beazer	June	31,120	(15,810)	17.3	(14.5)	4.67	(4.0)
Border Television	Apr	704	(252)L	—	(—)	—	(—)
Firstland Oil	June	129L	(97)L	—	(—)	—	(—)
Global Group	May	379	(312)	4.9	(4.1)	2.75	(2.25)
Highland Dist.	Aug	10,300	(9,500)	5.2	(5.2)	2.18	(1.98)
Intl City Hldgs	July	13,100	(10,600)	27.3	(25.1)	9.0	(—)
London & Prov	June	931	(2,160)	3.4	(11.4)	4.7	(4.6)
Manganese Bronze	July	2,360	(2,085)	9.7	(9.1)	3.2	(3.0)
McKechnie Bros	July	19,050	(16,422)	21.3	(16.1)	10.0	(8.0)
Pressac Hldgs	July	1,720	(1,130)	10.8	(7.2)	2.5	(2.2)
Prestwick Hldgs	July	2,280L	(1,830)	—	(8.0)	0.5	(0.7)
Really Useful Grp	June	4,300	(1,800)	24.8	(10.2)	11.25	(—)
William Sinclair	June	1,510	(1,392)	14.3	(24.4)	6.15	(5.25)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Anchor Chemical	June	673	(290)	1.25	(1.25)
Arlington Secs	June	762	(188)L	0.7	(—)
Bardsey	June	129L	(608)L	—	(—)
Bridgend	June	130	(70)	0.2	(—)
Brit Amer Film	June	247	(225)	1.9	(1.7)
British Dredging	June	730	(719)	2.7	(2.55)
Brit & Common	June	25,400	(44,200)	2.45	(2.2)
Clayform Prop	June	354L	(5)	2.5	(—)
Comp Fin Serv	June	213	(97)	0.8	(—)
Comtech	Sept	1,450	(1,150)	—	(—)
Davies & Newman	June	3,480L	(3,580)L	3.0	(3.0)
Derwent Valley	June	105	(37)	0.75	(0.75)
El Oro Mining	June	629	(457)	—	(—)
Elson & Robbins	June	213L	(246)	2.02	(2.02)
Equity & General	June	349	(187)	0.3	(0.3)
Exploration Comp	June	731	(727)	—	(—)
Feb International	June	152	(93)L	0.89	(0.89)
Ferguson Ind	Aug	4,000	(3,300)	3.1	(2.75)
Forward Tech	June	520	(122)	—	(—)
French Connectn	July	1,280	(2,870)	1.75	(1.75)
Hammerson	June	22,200	(17,500)	2.0	(2.0)
Hawker Siddeley	June	72,100	(71,500)	5.0	(4.5)
Hughes Food	Aug	502	(—)	—	(—)
Jenners	July	131	(512)	10.0	(10.0)
Lee Cooper	June	3,950	(4,990)	1.6	(1.4)
John J. Lees	Sept	213	(101)	1.0	(0.5)
Lond & Northern	June	3,700	(7,940)	2.1	(2.1)
Norman Hay	June	221	(207)	1.44	(1.44)
Norscot Hotels	July	327	(234)	1.32	(1.2)
North Sea & Gen	June	1,090L	(2,240)	—	(—)
Walter Runciman	June	919	(650)	2.5	(2.5)
Silentnight Hldgs	Aug	1,430	(820)	1.0	(—)
Snowden & Bridge	July	575	(365)	1.0	(—)
Sov Oil & Gas	June	9,740L	(7,050)	—	(—)
Triefus	June	443	(358)	—	(—)
Underwoods	July	1,000	(650)	1.0	(—)
Usher & Walker	June	325	(346)	2.45	(2.2)
J. O. Walker	June	37	(86)L	2.0	(1.0)
Wettern Bros	June	66	(28)	—	(—)

(Figures in parentheses are for the corresponding period.)
* Dividends are shown net pence per share except where otherwise indicated. L Loss.

RIGHTS ISSUES

Low and Bonar—To raise £37.3m through a two for seven rights issue at 225p per share.

OFFERS FOR SALE PLACINGS AND INTRODUCTIONS

Blenheim Exhibitions—USM placing of 1.25m shares at 95p per share.
BCE Holdings—USM placing of 7.34m shares at 38p per share.
Avis Europe—Placing 72m new shares at 250p per share.

City waits for good ICI news

FIRST HALF figures of ICI were poor enough to give late July's uncertain stock market a rather nasty shock. The third quarter figures due on Thursday could well provide a fillip in the opposite direction.

The City is expecting around £245m pre-tax, a 35 per cent rise over last year's £182m—importantly this will take the nine month total to £727m ahead of 1985's comparable £717m, so setting the scene for a good gallop home to a respectable year on year rise in the final quarter.

Boosting the third quarter has been an active summer period, with sales expected to be only a few points down on the normally much busier second quarter. The lack of any oil price related stock losses, which are estimated to have cost £35m in the first six months of the year, will also help—although some charge, perhaps £10m, for buying back stock from Chevron following the bringing of the Paraquat agrochemicals operation inhouse seems likely.

BRITISH CAR AUCTIONS has been the subject of many a bid rumour of late and Mr David Wickins, the chairman, is as well known for playing his cards close to his chest as he is for selling second-hand cars.

Nevertheless, the 60-acre Blackbushe Airport auction hypermarket is beginning to pay its way—helping the profits for the year to July, which should be announced on Tuesday, to reach £14½m.

At home BCA is attracting more motor dealers into its purpose-built auction set-ups and has boosted its market share without having to sacrifice profits as both volumes and prices are holding up well.

It is the turn of the retailers to produce their figures next week and **MARKS & SPENCER** leads the way on Tuesday with interim profits likely to be up at £155m, compared with £137.7m in the previous year's first half.

Results due next week

Sales growth is expected to be around 13 per cent, after a rather sluggish April and May. Marks & Spencer is expected to have picked up food sales from British Home Stores and Woolworth, with furniture another successful area.

In the course of August's merger with Grattan, **NEXT** forecast that pre-tax profits for the year to August 31 would be £27m. Wednesday's results are unlikely to show much deviation from that figure.

The £300m Grattan deal was designed to give Next a chance to extend its formula of concept retailing to the mail order market without the time and effort of building up the necessary files, credit systems and distribution network. Grattan is hoping to use Next's design plan to develop specialist mail order catalogues.

TESCO is expected to show interim pre-tax profits of around £60m when it announces its figures on Wednesday, up from £44.2m in the same period last year. The retail chain is also due to reveal details of its profit-sharing scheme on the same day.

The pick-up will reflect the margin improvements brought about by Tesco's shift in product mix — specifically towards fresh food and non-food products. The sale of Victor Value will also have helped margins. Volumes in existing stores should be up by around 6 per cent.

This year, Tesco is due to spend £233m on new superstore and store extensions — with one new store opening virtually every month. However, the group's cash position is strong and net interest receipts should be around £9m this half.

Growth at **HARRIS QUEENSWAY**, the acquisitive stores group, is likely to be modest when results are announced on Thursday. The City is expecting pre-tax profits from the core activities of about £15m against last year's £13m, although performance will be boosted by property transactions, which last year brought in £1m.

Harris has made progress in electricals, into which it expanded last year, with the purchase of Rayford Supreme Holdings, but it has been held back by flat demand for furniture and carpets.

In the past six months Harris has bought Hamleys, the toys group, from Burtons, and Times Furnishing and Home Charm from Great Universal Stores. But he acquisitions have come too late to make a contribution to the results.

When the **NATIONAL HOME LOANS CORPORATION** came to the market in September last year, its prospectus carried a graph showing a healthy upward trend in the gap between the cost of wholesale funds and the mortgage rate. Unfortunately for NHLC, that trend has not been maintained: indeed, earlier this week the differential was a negative one, with the mortgage rate at 11 per cent and the three-month London interbank offered rate at 11⅝.

That said, the rates were not unfavourable throughout NHLC's year to September, and the company will also have had the benefit of a £50 input from the second call on subscribers to its offer for sale, so all is not bleak. With the company not even operating in its first half, however, next Tuesday's figures wil be unrepresentative, and there will probably be little more than £2.5m pre-tax.

REDLAND completed a hat-trick of acquisitions in the US aggregates industry earlier this month, but these will have come too late to affect the figures for the half-year to September, due out on Thursday.

Instead, the main feature of the results are likely to be a lively performance from the San Antonio aggregates operation in Texas, countered by a marked downturn in the Australian contribution because of adverse exchange rates a decline in Australian housing starts.

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
British Car Auctions	Tuesday	1.25	2.0	1.5
Burgess Products (Holdings)	Monday	0.5	1.5	0.5
Celtic Haven	Friday	0.25	0.5	0.25
Ensign Trust	Monday	0.2	0.5	0.2
Frogmore Estates	Tuesday	1.768	5.151	1.945
Japan Assets Trust	Wednesday	—	0.05	—
Klark-Teknik	Monday	—	0.6	0.4
Low, Wm.	Wednesday	4.0	8.0	4.5
National Home Loans Corporation	Tuesday	—	—	0.68
Next	Wednesday	1.0	2.75	1.3
Piccadilly Radio	Thursday	0.875	1.125	0.875
Smart, J.	Thursday	1.2	3.15	1.3
Wolseley	Tuesday	2.4	5.4	3.5
INTERIM DIVIDENDS				
Airflow Streamlines	Thursday	0.25	1.25	
Allied London Properties	Monday	1.23887	0.1775	
A and M Group	Thursday	—	0.4	
Boosey and Hawkes	Friday	—	—	
Boot, Henry	Thursday	1.0	5.0	
Capital Gearing Trust	Thursday	—	0.23	
Channel Tunnel Investments	Wednesday	—	—	
Chepstow Racecourse	Wednesday	—	1.0	
Chesterfield Properties	Tuesday	4.5	7.5	
Clarkson, Horace	Thursday	—	—	
Coates Brothers	Thursday	1.4	3.2	
Cohen, A.	Wednesday	3.3	7.5	
Eastern Produce (Holdings)	Friday	2.5	7.5	
Ellis and Goldstein	Thursday	0.85	1.6	
Feeder Agricultural Industries	Wednesday	0.5	1.0	
FR Group	Wednesday	1.125	2.0833	
Globe Investment Trust	Wednesday	1.33333	2.73333	
Harris Queensway	Thursday	1.4	3.6	
Henderson Group	Wednesday	2.5	4.5	
House Property Company of London	Wednesday	3.0	6.0	
Lanca	Friday	—	0.375	
Lep Group	Thursday	—	—	
F. J. C. Lilley	Wednesday	1.28	2.58	
Malarctic Hygrade Gold Mines	Wednesday	—	—	
Marks and Spencer	Tuesday	1.25	2.65	
Nimsto International	Wednesday	—	—	
Portsmouth and Sunderland Newspapers	Thursday	1.0	3.0	
Redland	Thursday	3.9325	7.6175	
Smallbone	Tuesday	—	—	
Southend Stadium	Wednesday	—	0.56	
Tesco	Wednesday	2.1	3.7	
Top Value Industries	Tuesday	—	—	
United Trust and Credit	Wednesday	—	—	
Value and Income Trust	Monday	—	0.4	
Vanburgh Currency Trust	Monday	5.4	4.7	
Viking Resources Trust	Monday	0.55	1.45	
Waverley Cameron	Monday	—	1.25	

Time for something to turn up

I SUPPOSE you have had that Micawber feeling—staying with an investment in the hope, not too firmly held, that something will turn up. Holders of the Australian base metal and coal-producing **MIM Holdings** will know what I mean; the company has not provided much cheer in recent years.

It could not have been expected to do otherwise with the prevailing low metal prices and stretched finances. Still, MIM managed to get out of the red in the year to last June and shareholders may have hoped for something to turn up at the annual meeting in Brisbane this week. It did.

They might have expected some encouraging comments on the results for the first quarter of the current year. But, no, there was a net loss of A$14.6m (£6.6m) compared with a net profit of A$18.2m a year ago. The fall reflected lower sales and prices for most metals coupled with the need to write off A$24.5m for unrealised foreign exchange losses under Australia's new accounting rules.

What turned up was the announcement by Sir Bruce Watson, the chairman, that MIM is to float a publicly listed company — Highlands Gold — which will hold the company's one-third interest in the undeveloped Porgera gold venture in Papua New Guinea and that MIM shareholders would be given a—presumably preferential—opportunity to invest in the newcomer.

This is good news for them because Porgera bodes to become one of the world's largest high grade gold mines. Already ore reserves have been put at 76.8m tonnes grading 3.8 grammes gold per tonne plus one zone containing 1.7m tonnes averaging a rich 40 grammes gold per tonne.

Mining

The new float will provide MIM's share of the funds needed for further work on the project. The other partners are Placer Pacific and Renison Goldfields Consolidated; the latter is the Australian arm of London's Consolidated Gold Fields which, incidentally, will be holding its annual meeting on November 5.

Moving on we come to Malaysia Mining Corporation, the main tin producer which, like all the others, has suffered from the collapse a year ago of the International Tin Agreement and the resulting fall in tin prices. At current levels few, if any, tin mines can hope to make a profit and it is no surprise that Cornwall's relatively high-cost Geevor appears to have given up its struggle to survive.

Against this background MMC has announced an expected half-year loss, but what has turned up has been the price of the shares. This week they have risen from 25p to 37p, largely on buying from Kuala Lumpur where it has not gone unnoticed that the price of tin metal has been improving to its best for seven months.

At just over £4,000 per tonne in London, it is still much too low for profits and, indeed, world production has been sharply reduced. Consequently mine supplies of tin are running at an annual rate of some 30,000 tonnes below consumption.

The shortfall can be easily made up from the big stocks of about 80,000 tonnes held by banks and traders following the tin agreement failure. However, the traders are not too keen to sell at these prices and while they hold out for more they must be watching each other like poker players.

Another factor in the MMC share price is the company's stake in the now-surging market for diamonds. This comes via its holding of 46.3 per cent of Australia's Ashton Mining which owns 38.2 per cent of the big Argyle diamond operation there.

Talk is that the go-ahead will be given soon for a second diamond mine in the area, the much smaller Bow River alluvial project of Freeport and Gem Exploration and Minerals.

Also exploring for diamonds in Australia is the small Afro-West. Now it hopes that something bigger will turn up as a result of the signing of an agreement to mine diamond deposits in Sierra Leone in a partnership venture with that country's government. It is intended to float a public company for the venture.

Perhaps the long-awaited chance to mine diamonds may have turned up (with the improved diamond market) for South Africa's **Anglovaal** and its **Middle Wits** subsidiary. They hold minerals rights over the farm Venetia in the Northern Transvaal which contain diamond-bearing kimberlite pipes.

De Beers completed several years of prospecting operations there at the end of last year. Mr Basil Hersov, chairman of Anglovaal, says in the annual report that De Beers is now reassessing the viability of the pipes. Meanwhile, Anglovaal is thinking of raising fresh capital.

Kenneth Marston

• MARKETS •

World Series week

TONIGHT'S the big night for US baseball fans as the New York Mets face up to the Boston Red Sox in game six of the cliffhanging 83rd World Series—a fitting culmination to a week when Wall Street and some of its own players appear to have been acting out their own version of the World Series.

At the economic level, Wall Street *analysts continue to* be split between those who are worried that a recession is just around the corner and those who believe that the US economy is starting to pick up speed again. This week's third quarter gross national product figures, showing an economy growing at an annual rate of 2.4 per cent, held no great surprises, but the 4.9 per cent jump in US durable goods orders in September—the largest rise in nearly two years—contained a hint of real strength in the US economy.

Malcom Baldrige, the US Commerce Secretary, said this week that he expects the US economy to grow at 4 per cent in the curent quarter, but there are several analysts on Wall Street who believe this is hopelessly optimistic and that there will be almost no growth in the final quarter.

Within the financial markets, there is a continuing tug of war going on between those who think that US interest rates and the US dollar are heading lower and those who think that they are heading higher. Last week, the consensus favouring an early discount rate cut was abating but this week the mood changed again as the dollar bounced back above the DM 2 and Yen 160 levels. Foreign *investors* have returned to the US markets in force.

Against this background Wall Street has been as mercurial as the New York Mets. The market had a terrible day. Tuesday nad Wednesday were nothing to write home about but on Thursday the Dow hit a brilliant "home run," jumping by 26½ points, and breaking out of the 1,780 to 1,820 range in which it has been stuck for some time. Like tonight's *battle at New York's* Shea Stadium, which the Mets have to win if they are to stand a chance of taking the world

Wall Street

series, few on Wall Street are prepared to call the market's next move.

For the moment Wall Street investors are making their money by concentrating their attention on the various takeover battles and monitering the heavy batch of third quarter results which have hit the tape this week.

Among the industrial heavyweights reporting this week Du Pont increased its third quarter net by 25 per cent to $1.42 per share, Goodyear was up 18 per cent at $1.68 per share, and Allied-Signal was 9.6 per cent ahead at 91 cents a share. Several of America's better managed blue-chip companies such as Anheuser-Busch, McDonald's and Johnson & Johnson, all announced double digit earnings gains in the latest quarter.

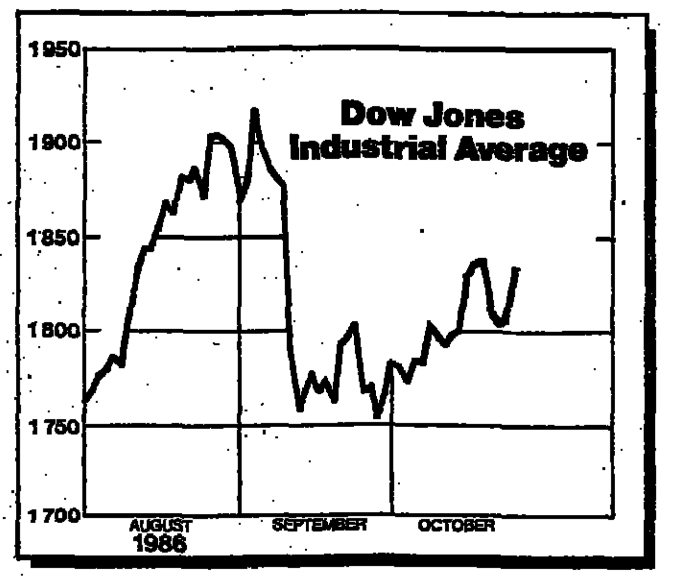
Sears Roebuck, the lumbering, retailing and financial services giant, posted a 24 per cent rise in its third quarter net income to 88 cents a share and analysts who have become a little nervous about the young management team running Citicorp, the biggest US banking group, were relieved *to see a healthy rise* in its third quarter earnings.

The two areas where earnings have been sharply lower are in the oil sector and automobiles. *General Motors posted* a $338.5m operating loss which reflects its decision to offer cut price financing to clear away the old models from its dealers' showrooms before bringing in the 1987 models.

Chrysler Corporation reported a 23 per cent drop in its third quarter operating earnings to $347.1m, but Lee Iacocca, the ebullient chairman, was able to put a brave face on it.

However, for once Mr Iacocca has been outshone by his old employer, Ford Motor Company, whose publicity-shy managers announced a more than doubled third-quarter profits of $693.3m this week. Ford is winning market share and seems destined to earn more money in 1986 than GM for the first time in years. Its shares jumped by $3⅞ to $59½ on the results and its superior rating on Wall Street is reflected in a yield of 4.4 per cent compared with GM's 7.1 per cent.

There was plenty of bad news in the oil sector this week. Baker International and Hughes Tool, two former blue



chips of the oil services industry, announced that they were merging in a bid to cut capacity in the troubled industry. Both companies have racked up heavy losses this year and have slashed their dividends. The new company, Baker Hughes, will rank close behind Schlumberger and Halliburton. Hughes Tool's shares rose ⅜ to $8½ and Baker International shares rose ⅜ to $10⅞ after the announcement.

Shell Oil says that its domestic crude oil prices averaged $10.59 a barrel in the latest quarter compared with $24.33 a barrel last year which explains why almost all of the US oil majors were reporting sharply lower profits this week. The big exception was Exxon which yesterday posted a 10 per cent rise in earnings per share to $1.46 mainly because the latest quarter did not contain last year's restructuring charges.

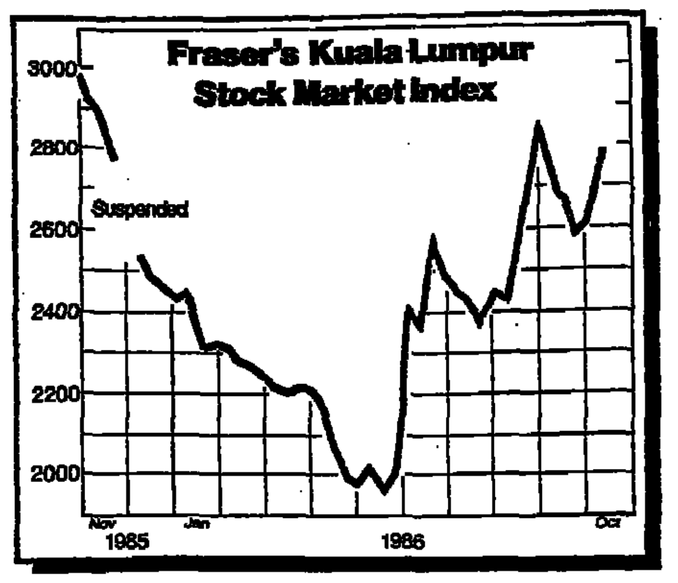
On the takeover front, it has been a relatively quiet week for USX Corporation, the steel and energy giant which is being stalked by Mr Carl Icahn. The company's self-imposed October 22nd deadline to announce its restructuring plans passed without any news and by yesterday morning USX shares had slipped to $26.

However, Wall Street is expecting the battle to warm up again shortly and in the meantime analysts are devoting considerable energy trying to spot the next big takeover targets. Shares to watch over the next few weeks are Goodyear, Merrill Lynch and E. F. Hutton.

MONDAY	1811.02	−26.02
TUESDAY	1805.68	− 5.34
WEDNESDAY	1808.35	+ 0.15
THURSDAY	1834.93	+26.58
FRIDAY	1832.26	− 2.67

William Hall

Rubber bounces back



THE Kuala Lumpur Stock Exchange is witnessing an external-led surge, which has caught local investors flat-footed and left them wondering whether the climb in values can be sustained.

The KLSE Composite index of 83 of the 286 stocks, has risen by about 50 per cent, to 255 points from a low of 170 points in May, which was then a 44-month low.

Conditions were particularly buoyant during the past month. The index added 28 points in the first three weeks of October, accompanied by high turnover.

"This time, the local big boys responsible for the 1981 and 1984 market booms, are down *and out, being caught in* their own speculative greed in the collapse of the stock and property market last year," said a fund manager.

Stock analysts offer four reasons for the foreign-induced surge:

● Stock markets in the main cities — *New York, London,* Tokyo and Hong Kong — are beginning to peak, and the Singapore and Malaysian markets look attractive by comparison:

● The Singapore economy, after having negative growth in 1985, *is turning around, with prospects* of a 4 to 5 per cent growth next year. Part of this optimism among Singaporean and foreign investors in the Singapore counters *is spilling over to* Malaysian stocks.

● Prices of Malaysia's plantation crops—rubber and palm oil—are firming up after being de*pressed for the past year and a* half. Rubber is now at a 30-month high, and palm oil has made a dramatic recovery from its low of 430 ringgit per tonne *in March to more than 700* ringgit. Malaysian palm oil production cost is about 550 ringgit per tonne:

● The improving political cli*mate, with Dr Mahathir* Mohamad, the Prime Minister, receiving a massive mandate in August's general elections. Since then, the Government has *made significant moves* to improve confidence and the business environment, including coming out clean on a few past blunders, like the mystery tin *buying operation in 1981-82.*

However, bankers cautioned any wishful thinking that the KLSE is on the way to recovery.

"The KLSE is a small market *and a relatively small influx of* foreign funds will have quite an impact, which is what's happening" said a banker.

"Recent buying has been nar*rowly based, being confined to* cash-rich, well managed or plantation companies. These companies will be the first to benefit from an economic recovery" he *added.*

Malaysian property, hotel and finance shares, which have been largely ignored, reflect the poor prospects ofthese sectors.

In the case of property and hotels, there is a glut of office space and hotel rooms which will take years to absorb. Local banks and finance companies have undergone a downward re-rating after poor earnings, exposure to bad loans, and erosion of depositors confidence, as shown by the many *runs on these institutions in* recent months.

Recently, two substantial blocks of Malaysian shares were quickly taken up by *foreign investors through* private placement in London and the Far East.

The 68m Sime Darby shares, offered by Peremba, a govern*ment property agency,* were sold for about 145m ringgit (US$55m) and Sime Darby itself seold 47m shares of Consolidated Plantations for 131m ringgit.

The sale of Sime Darby and Consolidated Plantations, the public listing of Malaysian Airline System last December *and the relisting of Guthrie* Corporation plc on the London Stock Exchange recently, while bringing back some useful cash at the appropriate time, signals *a new government strategy* towards the stock market and foreign investments.

It is now acknowledged that the market-boosting measures *undertaken by the government* last year, which included encouraging banks to lend for share buying and government investment agencies to buy *speculative shares, had been a* mistake.

It has had the reverse impact of eroding confidence in the KLSE.

The Sime, Consplant, MAS and Guthrie sale offer foreign investors the prospect of good medium-term returns and underline the Malaysian *Government's invitation for* foreign investment in the country's plantation sector, a reversal of the policy of takeover of foreign estates in the *1970s and early 1980s.*

Rubber and palm oil prices look much healthier than they were a few months ago. Hopes of a broad-based, sustained KLSE *recovery lie in a further* strengthening in commodity prices, and foreign funds staying in the market.

Wong Sulong

Tin climbs out of the doldrums

THIS WEEK the European free market tin price climbed back above £4,000 a tonne for the *first time in seven months,* providing another illustration of the fact that falls in commodity prices, just like rises, are usually overdone. Other recent examples of substantial recoveries from exceptionally low levels have been seen in the lead, cotton and coffee markets.

Yesterday was the first anniversary of the fateful day when the International Tin Council's buffer stock manager announced *that he had* run out of money for his price support operations, triggering the price collapse which is still casting its shadow over other metals *and soft commodity markets.*

At the time the tin price stood at about £8,500 a tonne, which everyone in the market recognised was a false level, *given the heavy oversupply in* the world market. With the buffer stock out of the game the price fell, over the next seven months, to £3,435 a tonne, a level at which nearly all the world's tin producers were losing money.

Cuts in production and improved demand from consumers have caused a profound change in the situation, however, and output is estimated to be running at about 30,000 tonnes a year below consumption. This has been reflected in a gradual price rise from the May low which has accelerated in recent weeks as the tin council's creditor banks have become less anxious to sell the tin warrants they were landed with after last October's default.

Lead's story has been similar, but less dramatic. Lacking an inter-governmental price support organisation like the tin council, oversupply of the metal acted directly on the market price — pushing it to a

Commodities

10-year low of £233.50 a tonne in April.

The price has rallied by £80 a tonne from that level, partly because of a change in the *statistical position (supply* and demand are now broadly in balance, *if* not slightly in deficit) and partly because — some analysts claim — the April low was never really justified. As with tin production, cuts forced by unremunerative price level have played a big role in lead's recovery.

The other two recovery examples, cotton and coffee, while broadly similar to the tin and lead stories, have one important difference. As agricultural products the weather serves as a sort of "wild card" in their supply/demand patterns so that the matching of production plans to consumption projections is much less of an exact science.

Good weather in recent seasons had caused sharp rises in cotton production, particularly in China. With world stocks approaching 50 per cent of annual consumption prices came under severe pressure. Two months ago cotton futures prices on the New York market were languishing at a 12-year low of about 32 cents a lb, only slightly more than half the break-even level for the bulk of the world's producers. Early this month the price was back to the 50 cents plus level at which it started the year.

Deliberate output cuts may have played a part in that rally but a turn for the worse in the weather in US growing areas has been a much more important factor. Perhaps equally important has been a change in the attitude of the market itself, where the 32 cents low *is* now seen as something of an aberration. Traders are much less alarmed by the heavy stocks overhanging the market, arguing that about half the surplus is in China, which lacks the facilities to ship more than a fraction of its holdings in any one marketing year.

For coffee this has been a year of agony and ecstasy. Following last year's four month Brazilian drought the London futures market began the year at an eight-year peak of over £3,000 a tonne, and many traders looked forward to further substantial gains. It was not to be. The market came to the conclusion that it had overreacted to the Brazilian news and prices subsided. When it bottomed at £1,631.50 a tonne in July, however, another change in sentiment occurred as traders realised that the fall had been overdone as well.

For the past couple of months coffee futures have been trading between £2,200 and £2,500 a tonne, so perhaps the market has got it right at last.

Richard Mooney

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 29%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	5.00	5.12	3.96	2.88	monthly	1	—	0-7
High interest cheque	7.70	7.93	6.14	4.46	quarterly	1	2,500 minimum	0
Three-month term	7.50	7.71	5.97	4.43	quarterly	1	2,500-25,000	90
BUILDING SOCIETY†								
Ordinary share	5.75	5.83	4.52	3.28	half yearly	1	1-250,000	0
High interest access	7.75	7.75	6.00	4.37	yearly	1	500 minimum	0
High interest access	8.00	8.00	6.20	4.51	yearly	1	2,000 minimum	0
High interest access	8.25	8.25	6.39	4.65	yearly	1	5,000 minimum	0
High interest access	8.50	8.50	6.58	4.79	yearly	1	10,000 minimum	0
90-day	8.75	8.94	6.93	5.04	half yearly	1	500-24,999	90
90-day	9.00	9.20	7.13	5.18	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.75	7.63	5.91	4.30	yearly	2	5-100,000	30
Income bonds	11.25	8.41	6.52	4.74	monthly	2	2,000-100,000	90
31st issue‡	7.85	7.85	7.85	7.85	not applicable	3	25-10,000	8
Yearly plan	8.19	8.19	8.19	8.19	not applicable	3	20-200/month	14
General extension	8.01	8.01	8.01	8.01	yearly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	7.63	7.78	6.03	4.38	half yearly	1	2,500 minimum	0
Schroder Wagg	7.10	7.34	5.68	4.13	monthly	1	2,500 minimum	0
Provincial Trust	8.22	8.54	6.62	4.81	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	10.77	8.47	7.21	6.02	half yearly	4	—	0
10pc Treasury 1990	11.15	8.19	6.55	5.01	half yearly	4	—	0
10.25pc Exchequer 1995	11.08	8.01	6.33	4.75	half yearly	4	—	0
3pc Treasury 1987	8.38	7.49	6.99	6.53	half yearly	4	—	0
3pc Treasury 1989	8.56	7.61	7.09	6.60	half yearly	4	—	0
Index-linked 1990¶	8.18	7.52	7.16	6.82	half yearly	2/4	—	0

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

Pound takes a short breather

FOR ONCE the pound had a relatively quiet week. The US dollar's rebound against other major curencies switched attention from sterling and the deal among the Organisation of Petroleum Exporting Countries in Geneva prevented at least a renewed collapse in oil prices.

But if the City's financial experts are to be beleived the Government has little cause for celebration. The message yesterday was that British interest rates are certainly not coming down in the foreseeable future and that sooner or later they may have to rise again.

The factors which have given sterling such a shaky ride recently and which forced the Government to push up bank base rates to 11 per cent earlier in the month have not changed.

Lasta week's September trade figures, though better than the appalling statistics for the previous month, confiremd fears that Britain's bouyant consumer spending is sucking in huge amounts of imports.

The Bank of England's decision to drop o formal target for sterling M3, the broad money suply measure, raised new suspicions over the authorities' attitude to inflation. The Prime Minister's refusal to agree to ful British membership of the European Monetary System eliminated remaining hopes that the Government would formally tie sterling's value to the D-Mark.

The reaction of some of the City' economic gurus so disparaged by Mr igel Lawson, the Chancellor, was scathing.

"We now have a completely rudderless monetary policy . . . the Government has few options but to raise rates again to surpress inflation," Mr George Magnus, chief economist at Chase Manhattan Securites, commented.

At Phillips & Drew, Mr Stephen Lewis believes that a range of factors will continue to keep upward pressure on interest rates over coming months. Strong consumer spending wil keep alive fears over the trade position, while the British Gas flotation and the onset of the corporate tax-paying season will tighten conditions in London's wholesale money markets.

"I would be surprised if they manage to get through without at least another one point increase in rates," Mr Lewis said.

Ironically enough it was an analysis published by the Treasury earlier in the week which highlighted the fears of independent economists on the outlook for trade and inflation. The Treasury's new summary of the independent consensus on the economic outlook shows an average forecast of a £2.3bn deficit on the curernt account of the balance of payments next year. Tthat compares with the £3bn surpluses that Britain has got used to in recent years.

There is also pessimism on the inflation outlook, fostered by the still-rapid pace of pay rises in Britain and the widely-held perception in financial markets that the Government will relax policy to ensure a pre-election economic boom.

The average forecast is for inflation of 4.5 per cent this time next year and still rising —and that assumes that sterling actually appreciates slightly from current levels.

The difficult question is whether and when Mr Lawson will accede to higher interest rates if, as economists predict, pressure on sterling and interest rates in the financial markets begins to build up again.

After insisting earlier this month that a one-point rise was enough to keep downward pressure on inflation the Chancellor would find it politically damaging to do an immediate about-turn.

The Treasury's anxiety to ensure a successful British Gas flotation next month also argues in favour of letting sterling take the strain if the markets become unsettled again. A rise in base rates to 12 per cent would hardly be an auspicious backdrop to the biggest privatisation issue.

And, of course, another rise in bank base rates would almost inevitably trigger a further increase in mortgage rates, which would quickly feed through to faster retail price inflation.

Philip Stephens

Rising tension

THE RISE in interest rates, and continued uncertainty about future trends, has thrown the home loans market back into confusion. As promised last week, the Halifax Building Society came off the fence and decided to lift its mortgage rate by a hefty 1.25 per cent to 12.25 per cent.

Initially, it was felt the Halifax had taken rather a bold step and might be left exposed with too high a rate. But Abbey National then decided to put its home loan rate up by 1.375 per cent to 12.375 per cent and later in the week the Midland Bank went even higher, announcing a 1.5 per cent rise to 12.50 per cent.

Citibank also added 1.5 per cent, pushing its rate up to 12.45, but to add further confusion Lloyds Bank yesterday put its rate up to 12.3 per cent for both new and existing borrowers, while National Westminster went to 12.25. Barclays was still reviewing the situation on Friday.

Yesterday Nationwide followed the Halifax and Woolwich to 12.25 per cent. However, Leeds Permanent decided on a move to 12.35 per cent, and National & Provincial said that while it was moving to 12.25 per cent, it will offer 12 per cent to first time borrowers.

The flood gates have been opened and it seems likely that all the other building societies will follow suit. The new rates, however, may vary

according to how badly the profit margins of individual societies have been squeezed in recent months, and how much of the huge withdrawals by hopeful aplicants for TSB shares comes back to societies or is kept in reserve for the forthcoming British Gas and British Airways flotations.

Again the Halifax seems to have set the trend by increasing its interest rates by only 0.75 per cent, compared with the 1.25 per cent rise in mortgage rates.

There is likely to be equal confusion in the interest rate rises announced by building societies and banks until the uncertainty about whether or not another rise in the base rate is needed to defend the pound. While the basic cost of borrowing has quickly been increased to reflect the full 1 per cent rise in the base rate to 11 per cent last week, the banks, like the building societies, are not increasing interest paid on their various accounts by the same amount.

They are taking the opportunity to improve their profit margins too. National Westminster, for example, has increased interest rates on most "premium schemes" by 0.75 per cent. The special reserve, high interest/instant access, account now pays 7.625 per cent net (after deduction of Composite Rate Tax) on balances of between £2,000 to £9,999 and 7.75 per cent on balances over £10,000.

The biggest losers, in the short term at least, are home buyers, who were pressured into taking out endowment, as opposed to straight capital repayment, mortgages.

The Halifax admitted that its home loan increase would cost borrowers 0.60p per £1,000 for a straight repayment mortgage but 0.74p extra for endowment mortgages. This is because in the case of endowment mortgages the capital lump sum remains the same, so the interest rate rise is fully reflected. With repayment loans, the reduction in the capital sum helps to reduce the impact of the rise in interest. The crossover point is about 11 per cent; if rates go above that level endowment mortgages become more expensive, while below 11 per cent they are cheaper.

So far this year the heavy promotion of endowment mortgages by building societies, anxious to earn the commission made from the linked insurance or pension policies, has swung the balance in favour of endowment loans to 60 per cent of total mortgages against 40 per cent for capital repayment.

An added cruel blow to existing holders of Midland endowment mortgages is that they will pay the higher rate immediately, while holders of straight repayment loans do not suffer the increase until the "next annual review" — the anniversary of when you started the loan. They might avoid paying any rise, if interest and mortgage rates

IN THE NEWS

IN A pre-emptive strike in the battle for Personal Equity Plan business, Save & Prosper are offering investors the chance to open a special bank account paying (until December 31) an interest rate equivalent to 11 per cent net or 15.5 per cent gross — way above normal interest rates even after the recent rise. What is more, the special high rate of 11 per cent will be adjusted upwards if base rates increase again, but will not be reduced should rates fall before the end of the year.

As always there is a catch: you only earn the higher rate of interest if you decide to take up a Save & Prosper PEP plan in January when the Government sponsored scheme starts. If you decide you do not want a PEP plan or would prefer to go elsewhere, the interest rate paid will be reduced to the normal level (currently a competitive 7.5 per cent) paid on the Robert Fleming high interest bank account.

For the special high interest account, used to promote the scheme, the minimum deposit required is only £250. But there is also a maximum, of £2,400—the annual limit for PEP contributions. However if you leave your money in after January 1 you will have to maintain a minimum of £1,000 to earn even the normal high interest rate.

Details of the Save and Prosper PEP plan have yet to be finalised, but the group say that it will be highly competitive.

•

WHEN AN investment management group changes ownership, the investors concerned usually only discover this fact after the event. The only choice facing them is to accept the change and hope that it will not result in a deteriorating investment performance. Or they can vote with their feet and switch trusts, possibly involving themselves in a tax liability on the way.

However, Touche Remnant has adopted a refreshingly different attitude when it was approached by Metropolitan Life Insurance Company, the world's third largest life company, with assets in excess of $100bn.

Touche Remnant's chairman, Lord Remnant, has made it clear that the company is only willing to be taken over provided it can retain both its name and its operational independence—and provided, of course, that the price is right. He made it clear this week that Touche Remnant prizes its independence above all else.

Metropolitan Life has a domestic US fund management group, State Street Research & Management Company, and Lord Remnant sees tremendous potential in co-operation between his company and State Street. But he claims that under no circumstances will State Street or anyone else manage Touche Remnant's US portfolio or any other of its assets under management.

Touche Remnant is able to take this stance because of its unusual share structure which makes a takeover bid virtually impossible without the agreement of the board. Even so it is refreshing to see this approach which for once is not ignoring the considerations of investors, who in theory have invested in funds managed by Touche Remnant because they liked the current investment management.

Freedom to expand

KEEPING AHEAD of the game is important for any investment company, particularly with the far-reaching changes that are likely to take place in financial markets after the Stock Exchange's Big Bang on October 27, the introduction of the Personal Equity Plan in January and the implementation of the Financial Services Bill next year.

Independent investment houses are likely to be most vulnerable to the changes, although they have a more crucial role to play in offering impartial advice. So they have the choice either to be swallowed up by a big group or take defensive measures to retain their own independence.

Richards Longstaff, which has established a record as one of the most effective independent investment groups in the 12 years of its existence, has chosen the latter route in agreeing this week to be taken over by the York and Equity Trust, a company quoted on the Unlisted Securities Market.

The offer of around £3m in cash or shares seemed cheap. But only half the Richards Longstaff business is being sold: the Financial Services Division which includes the fast-growing investment management sector, pensions and trustees, and the life and pensions business. The Lloyds insurance business, its original core, is not included.

Mark Searle, managing director of the Richards Longstaff investment management division, is in no doubt about the deal. He says it is essential to have greater cash resources if the group is to continue the expansion which has brought some £60m funds under investment management and 2,500 clients. The immediate need is to develop more sophisticated management and communications systems. In the longer term the group also hopes to increase the services available for expatriate and non-resident investors outside the UK, but again this would take significant resources.

With the Lloyd's insurance side of the business also seeking more capital, and the private shareholding structure of the company precluding a rights issue, he says it makes sense to join up with a cash-rich independent group anxious to build up into a national financial services group with a USM listing like York & Equity Trust. An added incentive is that some of the 100 or so private shareholders, who have done very well out of their investment in Richards Longstaff, are probably keener to take their handsome profits rather than have to put up more capital.

Mr Searle says the new ownership will enable the group to retain its independence, with basically just a change of holding company, while providing extra resources for its ambition to "remain a player" in the changed financial world. He forecasts it will gain from the "stampede from direct investment to managed funds" that is likely to accelerate under the changed conditions.

John Edwards

FINANCIAL TIMES SURVEY

The Financial Times proposes to publish

WORLD TELECOMMUNICATIONS SURVEY

on 1st December 1986

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1 Introduction
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THE FT READERS GREAT INVESTMENT RACE

I wish to enter the FT Readers Great Investment Race and enclose entry fee of £10 (cheque or postal order made payable to Charity Projects).

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Entry number (do not use)	1st choice	2nd choice	3rd choice	4th choice	5th choice	Estimate of FT SE 100 Index on 23/9/87

*Enter number of Stocks chosen totalling £35,000 in units of £7,000

● **How to enter**—You have £35,000 to invest in up to five different stocks from the FT-SE 100 Index in blocks of £7,000. Select the stock or stocks you think will rise in price most during the year to September 23, 1987 and the amount you want to invest in each stock. Then put the appropriate number from the shares listed in the accompanying table into the five separate boxes, representing tranches of £7,000 each. For example, if you want to put the whole £35,000 into Allied-Lyons you would put the number two in all five boxes. But if you wanted to put £14,000 in Allied-Lyons; £14,000 in Barclays and £7,000 in Willis Faber you would put the numbers two, two, 11, 11 and 99 in the five boxes. If you choose to put £7,000 in five different stocks then put their appropriate numbers in the five boxes. Numbers two, 11, 49, 75 and 99 would represent £7,000 invested in Allied-Lyons, Barclays, Jaguar, Reuters and Willis Faber. Don't forget to put your estimate of the FT-SE 100 Index on September 23 1987. On September 23, 1986 it was 1,610.00.

Last chance to enter

YOUR LAST CHANCE to enter the FT Readers' Race, run in conjunction with the Great Investment Race, comes up this week. The closing date for entries is October 31. While professional fund managers in the Great Investment Race will be chopping and changing their portfolios throughout the next 12 months, you have to choose now the portfolio of shares, and share, from the FT-SE 100 index of companies (shown in the accompanying table), which will be worth most on September 23 1987. You have a mythical portfolio of £35,000, made up of five units of £7,000 each to play with.

It is a somewhat different test of skill, but still benefits charity as well as giving you a continuing interest in how your share, or shares, are performing during the next year or so.

The reader with the winning entry will receive £2,500 worth of Prudential unit trusts donated by Prudential Unit Trust Managers, the sponsors of the race.

To avoid the risk of a tie, entrants must also guess the level of the FT-SE 100 index quoted in the FT on September 23 1987.

You pay £10 to enter the Readers' Race and the money raised will be donated to charity by Charity Projects, organisers of the Great Investment Race.

Readers should complete the entry form above and send it, together with a cheque or postal order for £10, made out to Charity Projects, to the Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY. All envelopes must be marked Great Investment Race.

FT-SE 100 Companies with prices as quoted in September 24 issue of The Financial Times

1	ASDA-MFI (154)	51	Land Securities (314)
2	Allied-Lyons (305)	52	Legal & General (240)
3	Argyll Group (337)	53	Lloyds Bank (445)
4	Assoc. British Foods (312)	54	Lonrho (216)
5	BAT Inds. (440)	55	Lucas Inds. (505)
6	BET (388)	56	MEPC (317)
7	BICC (248)	57	Marks and Spencer (201)
8	BOC (316)	58	Midland Bank (570)
9	BPB Inds. (483)	59	NatWest Bank (547)
10	BTR (300)	60	Northern Foods (270)
11	Barclays (488)	61	Pearson (528)
12	Bass (725)	62	P & O (526)
13	Beecham (405)	63	Pilkington Bros. (435)
14	Blue Circle Inds. (566)	64	Plessey (174)
15	Boots (221)	65	Prudential (830)
16	Brit. & Commonwealth Shipping (233)	66	RMC (632)
17	British Aerospace (436)	67	Racal Electronics (172)
18	British Petroleum (670)	68	Rank Organisation (493)
19	B.P.C.C. (275)	69	RHM (260)
20	British Telecom (186)	70	Reckitt & Colman (812)
21	Britoil (125)	71	Redland (439)
22	Burmah Oil (362)	72	Reed Intl. (273)
23	Burton (302)	73	Reuters (490)
24	Cable & Wireless (305)	74	RTZ (694)
25	Cadbury Schweppes (177)	75	Rowntree Mackintosh (408)
26	Coats Viyella (488)	76	Royal Bank of Scotland (340)
27	Commercial Union (280)	77	Royal Insce. (822)
28	Cons. Gold Fields (553)	78	Saatchi & Saatchi (615)
29	Cookson (477)	79	Sainsbury (J.) (412)
30	Courtaulds (287)	80	Scottish & Newcastle Breweries (183)
31	Dee Corp. (250)	81	Sears (114)
32	Dixons Group (362)	82	Sedgwick (343)
33	English China Clays (318)	83	Shell Transport (910)
34	Fisons (573)	84	Smith & Nephew (118)
35	GKN (267)	85	Smiths Inds. (256)
36	General Accident (827)	86	Standard Chartered (710)
37	GEC (174)	87	STC (148)
38	Glaxo (965)	88	Storehouse (323)
39	Globe Inv. Trust (116)	89	Sun Alliance (688)
40	Granada (286)	90	Tarmac (460)
41	Grand Metropolitan (408)	91	Tesco (405)
42	Great Universal Stores 'A' (£10¾)	92	Thorn EMI (478)
43	Guardian Royal Exchange (793)	93	Trafalgar House (281)
44	Guinness (325)	94	Trusthouse Forte (150)
45	Hammerson Property (400)	95	Unilever (£17¾)
46	Hanson Trust (190)	96	United Biscuits (230)
47	Hawker Siddeley (463)	97	Wellcome (210)
48	ICI (£11)	98	Whitbread (260)
49	Jaguar (533)	99	Willis Faber (450)
50	Ladbroke (355)	100	Woolworth (648)

The Expo expands

John Edwards, previews Money 86, which opens next week and is three times bigger than last year's show

BY ITS VERY name personal finance is very much an individual business. So it is worth seeking advice on what suits you best and looking at all the alternatives available.

This year the Money Show at Olympia in London from October 30 to November 2—timed to coincide with the Big Bang—is three times bigger than last year's successful debut. With more than 230 financial organisations displaying their wares, it claims to be the biggest financial supermarket ever to be held in Britain.

Like last year, Money 86, as the exhibition is called, will have a series of free workshops and seminars on a variety of subjects. These range from raising finance for a growing business to wine and fine art as alternative investments. A team from the BBC's Money Box programme will also be answering questions.

In addition this year's show will include four special centres: for Unit Trusts; Futures and Options; Offshore Investments; and FIMBRA (the Financial Intermediaries Managers and Brokers' Regulatory Association, who will no doubt be eager to answer questions on the McDonald Wheeler affair).

The idea is that visitors interested in a particular subject, such as unit trusts, would go to the centre organised by the Unit Trust Association first before going to the individual company stands.

Many companies will be using the Money Show as an opportunity to announce new products and plans, as well as offering special incentives.

Nine unit trust groups are offering £1,000 prize bonds each in a competiton organised by Skandia Life Assurance.

The Prudential, which is exhibiting at the Show for the first time, is offering the chance to win £1,000 worth to invest in any one of its unit trusts, and will also be announcing its entry in the market for Personal Equity Plans (PEPs) from January next year.

The Money Show will be officially opened by Norman Lamont, Financial Secretary to the Treasury, next Thursday at 11 am. Opening hours are 11 am to 7.30 pm on Thursday to Saturday, and 11 am to 5 pm on Sunday (November 2).

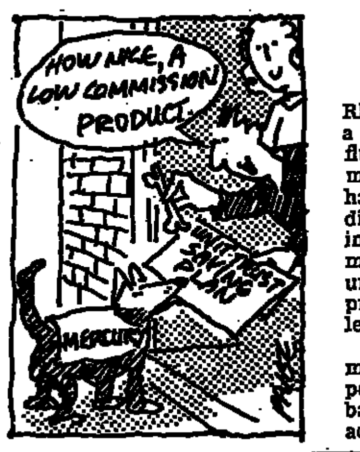
Entry tickets are £4 each. But you can obtain a discount of £2 per ticket and full details of the exhibition by writing (with stamped, self-addressed envelope) to Money 86, 4 Stanley Park Road, Wallington, Surrey SM6 0EY. Or telephone 948 5166.

MONEY EIGHTY SIX SHOW

PERSONAL INVESTMENT & BUSINESS FINANCE

30th October—2nd November, 1986, Olympia, London.

Tapping into unit trusts



REGULAR savings plans are a useful way of ironing out fluctuations in the unit trust market. If your unit trust happens to be doing badly, as did so many of the gold funds in recent years, then your monthly contribution buys more units. Conversely if the fund price is riding high you receive less.

So far, however, it is estimated that while half the adult population puts money into bank or building society accounts, only 10 per cent use unit trusts as a means of saving. This may be explained by the fact that there is little profit in savings schemes for either the management company or the broker intermediary, so there is little incentive to promote them.

However, Mercury Fund Managers have decided the time is ripe to try and tap what could be a big potential market for boosting unit trust sales with the launch of a savings plan.

For a minimum monthly payment of £35, savers will be able to invest in any of the Mercury's range of 10 unit trusts, which until now required a minimum investment of £1,000. You can invest in several funds but there is a minimum limit of £35 for each.

Once your investment reaches £500 it can be switched or transferred to another fund, with an extra allocation of units equivalent to 4 per cent bringing the cost of the switch down to around 1 per cent. An additional bonus of extra units, equivalent to 1 per cent of the total value, is awarded if 24 consecutive monthly payments are made but you are free to suspend, withdraw or vary monthly payments at any time.

Richard Bernays, chairman of Mercury Fund Managers, admitted that the savings scheme was unlikely to be very profitable for themselves or intermediaries, being offered only normal rates of commission. However, he claimed that it was a good long-term investment since unit trust savings plans were the "outstanding bargain" available to savers at present.

John Edwards

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Legal Notices

No. 007078 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
THE STERLING PUBLISHING GROUP PLC
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 25th September 1986 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company of £562,625

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Mervyn Davies at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 3rd day of November 1986.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of the Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned solicitors on payment of the regulated charge for the same.

Dated this 22nd day of October 1986.
CLIFFORD-TURNER,
Blackfriars House,
19 New Bridge Street,
Lo[illegible]n EC4V 6BY.
Tel: [illegible]1-353 0211.
Ref: DON/RWC/PJC.
Solicitors for the above-named Company.

No. 007399 of 1986
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
ROWNTREE MACKINTOSH plc
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 9th October 1986 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the Share Premium Account of the above-named Company by £224,101,362.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Mervyn Davies at the Royal Courts of Justice, Strand, London WC2A 2LL, on Monday the 3rd November 1986.

Any Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under mentioned Solicitors on payment of the regulated charge for the same.

Dated the 22nd day of October 1986.
SLAUGHTER AND MAY,
35, Basinghall Street,
London EC2V 5DB.
Ref: JEFR/LIT/RLH.
Solicitors for the said Company.

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INVESTMENT TRUST—Innovative investment trust concept. Discussions sought with a financial institution. Existing orthodox trust could be adapted. Write Box F.6888, Financial Times, 10, Cannon Street, London EC4P 4BY.

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John Edwards presents his beginner's guide to Big Bang

Revolution time in the City


Iain McIntosh

WHAT IS Big Bang? On Monday the London Stock Exchange faces the start of a big revolution in the way it operates. But outside the City there is still considerable confusion about the implications of Big Bang, in spite of the many articles written about the subject.

To provide a simple guide to what is going on, John Edwards answers a list of hypothetical questions:

What does Big Bang mean?

No one is quite sure who coined the phrase Big Bang to describe what is happening on October 27. But it caught on and became generally accepted since it seemed an apt metaphor. Big Bang was originally invented by astronomers to illustrate a theory about the start of the universe — a big explosion that created the universe out of concentrated matter. The financial Big Bang started off as basically a change in the system of trading on the London Stock Exchange and has subsequently exploded into a large-scale restructuring of the City. The impact has been compounded by the coincidental introduction of the Financial Services Bill to improve investor protection in the City and elsewhere, and the Building Societies Act giving fresh powers to building societies.

What is the main purpose of Big Bang?

There were several motives behind the proposed changes on the Stock Exchange. The original purpose was a desire by the Government to end the system whereby competition on the exchange was restricted by fixed minimum commissions on share dealings (that may have contravened the Restrictive Trading Practices Act).

The Government also argued that to retain a role in the growing international trading of stocks and shares, the London market had to open up its membership to the increasingly powerful international financial groups. To do so it was necessary to scrap the outdated arrangement of a handful of jobbers handling the actual market dealing and brokers acting as agents on behalf of investors.

So, from October 27 commissions will be negotiable; jobbers will disappear and be replaced by "market makers," including brokers who will be permitted to deal in actual shares as principals and membership of the exchange has been widened to include a large number of foreign owned companies.

How is the man in the street affected?

Outwardly the ability to buy and sell shares remains the same, although there will be a lot more "players" as a result of the expansion in Stock Exchange membership. The end of minimum commissions will also bring a change in charges, either up or down depending on the size of the portfolio involved and the type of service provided. Obviously the big institutions trading the biggest volume will be in the most powerful position to negotiate cheaper commissions.

Will the private investor have to pay higher charges?

Not necessarily. In the scramble for business it is recognised that the small, private investor provides the biggest potential market for expansion, especially with the Government — through privatisation and the Personal Equity Plan — encouraging wider share ownership. So all kinds of specials deals are being devised to try to keep costs down. The clearing banks, for example, have put pressure on their nominated brokers to reduce commissions for small investors. At the same time many stockbrokers plan to base their charges on the type of service provided.

If you are prepared to make all the decisions to buy and sell, without advice or information from the broker, you can use the telephone dealing services. With these you merely instruct the broker to buy or sell. That will cost you less than the previous minimum commission charge. Next on the likely scale of charges is to make your own decisions, but ask your broker for current market information on price trends. Finally, a full-blown brokerage service, including research and share tips, will probably cost a good deal more.

Will I have to change my stockbroker?

It depends on what kind of service you want and the direction your present stockbroker is moving. Most stockbrokers are keen to expand their private client business because of the potential for making profits, since institutional and corporate business will be extremely competitive with very low margins.

As a result of the upheaval in the City and entry into the market of many new companies, there has been a regrouping of many well-known London and provincial stockbroking firms who may take a different attitude to their existing clients than in the past.

Would I do better to use a regional or London broker?

Again it depends on the type of service you want and are prepared to pay for. Many of the regional stockbrokers have linked together, either between themselves or with large London based brokers, to provide a more comprehensive service at a local level. Obviously they are not as close to the City and to international market developments as the London companies are.

Where else can I go to deal in shares under the new set-up?

Multi - national companies, banks, building societies and even department stores are all getting involved. So you will have a much wider choice if you no longer feel comfortable with your present stockbroker or want a different type of service.

Will the method of buying and selling shares change?

The trading floor on the London Stock Exchange will remain, but with several new faces. However, the main medium of dealing will be via the screens of the Stock Exchange Automated Quotations System (known as SEAQ). Only the 34 recognised Stock Exchange market makers (not all of whom will be represented on the "floor") will be able to input their quotations into the SEAQ screens.

Shares will be divided into several categories, based primarily on the volume of trading. The most actively traded stocks (initially 62 companies) are named Alpha, for which continuous two-way prices drawn from all the market making companies will be displayed on the screen, together with constantly updated details of all trades.

Beta stocks will represent the next 500 most actively traded shares, which will be displayed on the screens with periodic updating of trading information. Gamma stocks are normally inactively traded shares where the continuous quotation on the screens will be a price indication rather than a firm quote. Delta stocks are the least active group, where only an approximate middle price will be given. Shares will be moved into different categories, depending on the volume of trading interest.

What about other shares?

The current USM (Unlisted Securities Market) stocks will also be included in the categories alongside the shares meeting the full listing requirements, since the categorisation will depend on the volume traded not on the size of the company. Stock Exchange plans to introduce a third market for smaller companies, currently traded on an unofficial over-the-counter basis, have been postponed from October 27 to early next year.

Will the small investor still be at a disadvantage to the big operators?

The SEAQ system will provide much more common price disclosure available to all and should, therefore, help provide more equal opportunities. Nevertheless, it can be expected that big institutions will continue to receive a much better service and first knowledge of market developments from brokers hungry for their business. It is far from certain yet whether the so-called Chinese walls will operate effectively.

What are these Chinese Walls we keep hearing about?

Under the new arrangements many of the new groups that have emerged incorporate several different sectors of business that might have conflicts of interest. For example, brokers who trade on behalf of clients and make markets while at the same time handling corporate business. To try to separate these conflicts of interest, groups have erected artificial divisions, sometimes by putting different subsidiary companies into different buildings or floors. These barriers to the flow of sensitive information are known as Chinese walls.

Will the market be more or less open to fiddles?

Big Bang itself is not part of the improvement in investor protection planned by the Government. That is the job of the Financial Services Bill, currently struggling through its last stages through Parliament before becoming law and being implemented next year.

It is proposed that the Stock Exchange, now merging with ISRO (International Securities Regulatory Organisation) will become one of the four self-regulatory organisations that will come under the umbrella of the proposed Securities and Investments Board (SIB) which will mastermind on behalf of the Government's Ministry the Department of Trade and Industry the comprehensive structure to improve investor protection. In anticipation of the requirements of the SIB, and to cope with the new method of trading, the Stock Exchange has already amended its rules and regulations considerably.

Further amendments may have to be made next year to come more into line with the SIB. Debate still rages, for example, on whether the existing Stock Exchange compensation scheme will have to be absorbed into a bigger fund covering all the self-regulatory bodies. However, investors should benefit immediately from the introduction of trading via the SEAQ screens, which will give a clear indication of business done and put pressure on brokers to implement the "best execution" rule, whereby all clients have to be offered the best going price available.

Bankers' bonus

NATIONAL Westminster Bank confirmed this week that it is cutting its share dealing charges to most customers with effect from Monday — the day of the Big Bang.

It is scrapping completely the £5 per transaction handling charge and £3 per item safe custody charge for lodging share or stock certificates. At the same time, the minimum commission has been cut to 1.5 per cent on dealings in equities up to £5,000, declining in stages to 0.2 per cent for dealings above £350,000. There will be a minimum charge of £15, except for sales below £75 where 20 per cent of the value will be charged.

Charges for trading in Government securities (gilts) and stocks for cash settlement range from 0.75 per cent for deals worth up to £5,000 (with a minimum fee of £15) to 0.08 per cent for transactions of over £2m.

NatWest, Lloyds and the Midland Bank are all adopting the same system of channelling stock and share transactions through a panel of designated independent stockbrokers, as well as their own in-house broking subsidiaries. They will continue to offer free investment advice to customers.

Barclays Bank have delayed taking any decision about its new share dealing charges until next week, when the effect of Big Bang and competitive activity will become clearer.

Lloyds Bank Stockbrokers, a new wholly-owned subsidiary of Lloyds Merchant Bank, will begin trading as a member of the Stock Exchange on Monday. It will concentrate initially on providing a specialist broking and advisory service to the bank's branches.

John Edwards

THE OCTOBER REVOLUTION

What will life be like after the Big Bang? How will the restructuring of the securities markets change the shape of the City? Who will be the new elite? And how will the London, Tokyo and New York markets work together?

In The City Revolution, the FT's biggest ever Survey, published on October 27th, over thirty specialist writers will examine life after the Big Bang. They will look at every aspect of the changed and the changing City – at why the changes are necessary, how they came about and how they are likely to develop.

It is the kind of Survey the FT does with knowledge, insight and authority. The kind of Survey that will be read immediately, then put aside to refer to again and again.

October 27th. An FT which will be a must for everyone in business. Make sure you order your extra copies in good time.

No FT Survey... no revolutionary comment.

Lucy Kellaway continues the series on British Gas

Investors set to step on the gas

SIR DENIS ROOKE, chairman of British Gas, jokes that the company he has led for more than a decade is a "dull old utility." Such a description is reserved for the chairman's use only—anyone else remarking on the dullness of British Gas will be pointed firmly towards the company's technological achievements and engineering successes.

Dull or not. British Gas is indisputably a utility, so its business is not difficult to understand. The company buys and sells gas, and makes its money by selling it for more than it paid for it.

A good deal happens in between, however, including about 3,300 miles of mighty pipes which deliver the gas all over the country, and a further 145,000 miles of smaller pipes bringing it to the doors of nearly 17m customers.

In describing British Gas it is difficult to avoid a string of big numbers. Whether measured by numbers of customers, miles of pipe, turnover, profits, investment, or employees, British Gas is a giant. It is the largest integrated gas company in the world. With a turnover last year of nearly £8bn and profits of about £700m it ranks among the ten biggest companies in the UK.

As well as buying, distributing and selling gas, British Gas is also involved at the very beginning of the gas game in the search for the stuff and at the very end in selling and repairing the cookers and heaters which burn it.

The company that is to be sold next month has emerged after 20 years of upheaval and improvement as a broadly based monolith. British Gas is now mature—its growth era is over and the future lies more in the direction of stability than expansion.

Indeed, prospective investors may well wish that they had been offered British Gas shares 20 years ago when the company was embarking on an ambitious engineering project, out of which the modern company was born.

The project was the conversion of Britain from town gas to natural gas, begun when gas was discovered in the North Sea in the 1960s. Natural gas was something of a triumph for British Gas. Not only was it among the first companies to find North Sea gas, it made a major financial commitment to the new gas and has watched this pay off.

It undertook to replace town gas—produced from coal across the country in hundreds of dirty, smelly plants — with natural gas, which was cleaner and more easily controllable. Conversion took 10 years and cost £1bn (much more in 1986 money) in building the new gas grid and in converting more tha 35m domestic appliances to natural gas. The programme, which was completed on time and within budget, gives some indication of the company's competence.

Since conversion to natural gas, demand has increased sharply and 3m new customers have been found. The increase has been largely at the expense of other fuels, and the share of gas has climbed steadily to reach about one third of total UK demand.

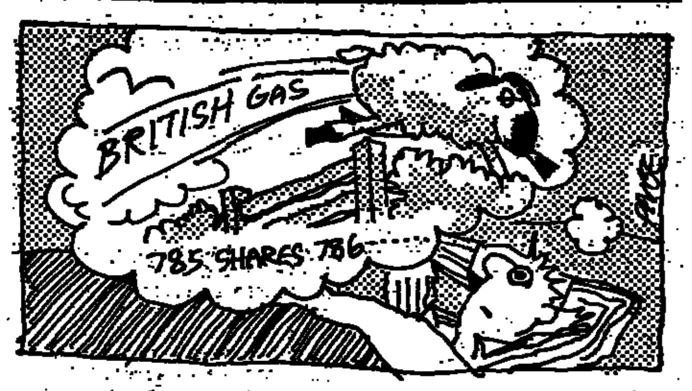
However, such statistics include fuels like petrol, against which gas does not compete, and the scope for gas to make further advances is seen as limited.

British Gas's biggest customer is the domestic consumer. In this market it is a monopoly supplier of gas, and faces fairly subdued competition from electricity. But with about 16m of Britain's 20m households gas consumers already, British Gas is unlikely to be able to go on adding 250,000 new customers each year.

Its second largest — and most challenging — market is industrial users, which accounts for about 30 per cent of total gas sales. Competition from other fuels can be fierce, and British Gas will do well to hold its own in a market that is in gradual long term decline.

As a supplier of gas to industry, British Gas is not a monopoly. However, although in theory there is nothing to stop other companies supplying gas directly to industrial customers (a clause in the Gas Bill positively encourages such competion) there are few signs that British Gas will lose much of its industrial business to rival suppliers.

The third market sector, and the smallest, is perhaps where the best growth prospects lie. This contains commercial customers — shops, hospitals and schools — of which only one-third use gas. However, commercial sector is a small part of the whole so very large rises would be needed to have any great impact on the whole.



British Gas buys its gas from about 60 different oil companies under long term contracts, usually of up to 20 years. The terms of these contracts vary, with the result that the range of prices it pays at any one time is large.

The early contracts tend to provide a particularly cheap source of supply, as they were not properly indexed to the great rise in oil prices of the 1970s. As these early supplies run out they are being replaced by more expensive gas, with the result that British Gas is now faced with rising costs stretching into the next century.

For the most part higher costs can be passed on to the consumer. As far as domestic consumers are concerned, prices are linked directly to costs by way of a fixed formula. In the industrial market, however, sales contracts are agreed individually and although in the long run changes in cost will be reflected in changes in prices, in the short term profits may fluctuate as adjustments are made.

The fall in the oil price this year has created such a mismatch, making now a difficult time for British Gas to be coming to the market. Industrial prices have already responded to the fall in oil prices in order to keep gas competitive, while the favourable effect of lower oil prices on gas purchase prices has yet to feed through.

Furthermore, British Gas has actually lost some industrial customers as a result of the competition from oil.

These are customers which can switch between gas and other fuels with relative ease. Many have "interruptible" contracts, which allow British Gas to cut off supplies at peak periods in exchange for a lower average price.

However, the damage done to British Gas by falling oil prices is modest compared with others in the oil sector, and may do no worse than prevent profits from rising much this year.

As the recent advertisements show, British Gas is not altogether a low technology business. Some of its recent innovations—like the "intelligent pig," which travels down pipelines inspecting them for corrosion—demonstrate great technological achievement.

While such advances help British Gas to do its business more efficiently, these do not make it anything resembling a technology stock. There is nothing about British Gas which will generate the kind of excitement sparked by the technology end of British Telecom, which seemed to promise capital growth to complement the bread and butter telephone business.

This was not always the case. Until 1983 British Gas had a large oil exploration department, which at the government's insistence was floated off separately as Enterprise Oil. Although the fall in oil prices and the woeful share price performance of Enterprise may have made this a blessing, British Gas had nevertheless shown itself to be skilful at finding oil, and many of the people involved are still with the company.

British Gas was allowed to keep most of its gas interests, including the Morcambe Bay field, the largest gas field in the UK, as well as a number of smaller discoveries. Free to do as it pleases, British Gas may now wish to secure itself a more prominent position in North Sea oil and gas.

The compulsory sale of Enterprise was one of several government decisions taken over the past 35 years which ran directly contrary to the Corporation's wishes.

The reduction of such conflicts is perhaps the greatest potential change that will be made by privatising British Gas. The actual running of the company is not likely to change very much—it was fairly efficient as a nationalised industry—and is likely to remain so.

The privatised British Gas will not have unlimited scope to make acquisitions. As a goodbye gesture, the government is giving it £2.5bn of borrowings, which will cost some £250m in annual interest bills and limit any room for manouvre.

The burden will not be too severe. British Gas is a prodigious producer of cash—all of its investments in the past 10 years have been self financed—and it should be able to pay the interest, plus a generous dividend to shareholders, and still have some cash over to play with.

After privatisation British Gas will not be free to set the prices it charges its domestic customers, which are fixed by a special formula, that is adjusted for inflation less 2 per cent. This means that this company will have to become 2 per cent more efficient each year.

Past performance suggests that it is equal to this task. In the past 35 years gas volumes have increased six-fold, while the pay roll has been cut by more than one-third.

However, some fears that the transformation of British Gas from a dirty, sprawling company to a neater, more efficient one is more or less complete, and further efficiency savings likely to be the main source of growth in the future will be increasingly hard to come by.

Most of the remodelling work done on British Gas bears the definite marks of Sir Denis Rooke. Investors are likely to get no more than three more years of this forceful chairman, and finding a successor of similar energy will not be easy.

Lift-off for BA sale

BRITISH GAS has yet to issue its prospectus but already the Government is launching its next big privatisation: the flotation of British Airways, due in the new year. This week, the first details of the issue emerged and it became clear that it will be aimed at the small investor.

In some ways this comes as a surprise. The word "British" as a prefix to a company's title does not automatically confer solidity on its profits, and BA will be coming to the market with a far less secure record and outlook than Telecom or Gas.

The trouble with airlines is that all those expensive aircraft produce a heavy debt burden, which has to be serviced before a profit can be shown. So, the pre-tax figure can fluctuate quite alarmingly in response to shifts in passenger traffic. If ever proof were needed, BA's own figures will supply it, for the airline will be coming to the market showing a sharp dip in profits for the current year because of the decline in the number of US visitors flying to London.

The Government, however, is too heavily committed to the principle of wider share ownership to leave BA to the institutions, and it is introducing a number of measures to attract small investors to the issue. As with British Gas, the minimum investment will be kept low and will be payable in instalments; there will be a one-for-10 loyalty bonus at the end of three years; employees will be given generous incentives to apply; and an advertising campaign is already under way. There will not, however, be any discounts on plane ticket prices for shareholders: international agreements forbid them.

In the absence of any previous experience with quoted airlines in Britain, just how investors will weigh up the BA issue is a bit of a puzzle. In practice, the response seems likely to be dictated by the success (or otherwise) of the preceding privatisation, so investors' perception of the prospects for gas utilities could prove more decisive than the vagaries of airline profits.

Richard Tomkins

• FINANCE & THE FAMILY •

Holding back the tide

You will see from a recent statement by the UN, that a considerable rise in sea levels may occur within the next 20-40 years. It appears from the statement that this can be attributed to acts of man not God.

This being so, if I own land which will be affected:

(a) Can I sue anyone for its loss of use when the sea level rises?

(b) As land between high and low watermarks belongs to the Crown, if high water mark moves inland, does the land encroached upon by the higher tides become Crown property?

(c) As regards (a) I suppose it would be a defence for anyone to prove that I too had contributed to the atmospheric overheating, and that I was thus negligent, and had no case. But if I had maintained a life style based on "renewable" energy, as I understand it I would not be contributing to the overheating, and thus the defence of the first sentence could fail. But how long would I have to have maintained a life style which could be demonstrated as not contributing to atmospheric overheating, before I could start an action which could be successful? i.e. is there some form of statutory period (like 12 years undisputed possession for a claim on land?)

In legal terms the change in sea level which you contemplate would probably be characterised as being caused by "Act of God" despite the ultimate human causation. However, that is probably not germane to your queries, to which we would answer as follows:

(a) No.

(b) Yes, the new high water mark would define the extent of the Crown's interest. This has already occurred with shifting coast lines, e.g. in the case of the "lost" village of Kenfig in South Wales.

(c) Although your speculation raises interesting problems if a cause of action existed, we are tolerably certain that the English Courts would not accept that there is any cause of action on which to found a claim.

Neighbour's nuisance

A neighbour of mine has submitted a planning application for an offensive business activity which would cause a lot of noise and disturbance for several surrounding houses. Although common sense would suggest rejection of the proposal, planning permission might be given if only the narrowest planning rules are considered.

All the neighbouring residents are wondering what options are open to them should the application be approved. Can we take legal steps to stop the development on the grounds of nuisance? If not, can we claim compensation for the reduction in value of our properties as determined by independent valuations? Can all of us take these steps jointly in one action? Must we inform the neighbour of our intentions so as to allow him to be aware of the situation?

If planning permission is granted you have no means of having that decision challenged. If the operation in question does amount to a common law nuisance any one or more of the people in the neighbourhood who are adversely affected can sue for an injunction for damages. Rather than join in one action it may be preferable for each person who is affected to sue separately, but to let one action be tried first as a test case. Any of you can seek a reduction in rateable value, but this is unlikely to afford any real compensation. There is no reason why you should not all advise the local authority both of your objection and of your intention to seek a reduction in rateable value if the operation is permitted. You should in any case write to the person proposing to carry on the operation warning him that it will cause a nuisance at common law which you will seek to restrain. That should be done as soon as possible to enable him to defer spending money on the project until the issue has been resolved between you.

Breaking the rules

I am a member of a club which is a private company. Recently I discovered that a member of the committee was borrowing bottles of spirits from the bar and was failing to defray the cost for periods up to four months.

I duly reported this matter to the management committee and got the following reply: "It is satisfied no irregularities have occurred either financial or in any other way, which are to the detriment of the club."

There is a club rule which states that all purchases should be paid for at the time of transaction.

Clearly the offending member is in breach of this rule. He is the honarary treasurer and an accountant by profession. Is there also a breach of company law?

You can only take the matter up at the annual general meeting of the club, as a breach of the club rules. There is no infringement of company law involved.

BRIEFCASE

Trust for a child

My wife and I would like our house valued £190,000 and its contents valued £51,000 to pass to our only seven-year-old child on our demise with nil or minimum tax liability. How can we so arrange at the same time ensuring that we both can continue to live in the house without prejudice for the rest of our lives?

Your best course might be to set up a maintenance and accumulation trust for the child. You should consult a solicitor to see how to minimise tax.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Christine Stopp on the tax changes that have hit gilt unit trusts

Last days of bondwashing

THE UNIT Trust Association is at present negotiating with the Inland Revenue about the tax treatment of gilt unit trusts following the introduction of the accrued income scheme earlier this year.

The scheme taxes income deemed to have accrued on a stock sold "cum dividend" at a rate of 45 per cent. Selling "cum dividend" to convert expected yield into capital growth (bondwashing) is, therefore, no longer possible.

The Revenue says it would be prepared to drop the 45 per cent charge if all groups agree to distribute accrued income to unit holders. Such unanimity, however, seems unlikely. The general view is that there will be no changes to the next tax régime.

As a result, many people in the industry feel that a holding in a gilt unit trust is no longer worthwhile—and there is widespread pessimism about the survival of the sector.

There is bitterness and frustration among unit trust groups that the Revenue should have reneged so soon on privileged tax status enjoyed since 1980 by gilt trusts—known as Section 60 trusts. Such trusts, rather than paying corporation tax, paid income tax at the basic rate on unfranked fixed interest income.

Whatever their views, groups have been slow to react to the situation, largely because the sector has not been attractive to investors for some time now because it has been significantly out performed by equity trusts.

Alan Wren, managing director of the Prudential's unit trust group, admits it has been "procrastinating, hoping there would be a blinding flash that would make things better." There has been no flash, and the group's view is now that it is not in the investor's interest to hold units in a gilt trust.

The Pru will probably recommend a change in the aims of its trust to high-yielding fixed income, with a free switch for unit holders who feel the change suits them.

Although some groups have not yet got round to contemplating change, many admit privately that they feel the life has gone out of gilt growth trusts. They would agree with Wren that the tax changes make these no longer worthwhile.

The effect of the changes on the actual management of the trusts is to force them simply to rely on spotting price anomalies to produce a growth record that out-performs the index.

At the same time, management flexibility is reduced: a manager has to choose between selling a stock with the accrued dividend and paying tax at 45 per cent; or selling at "clean" prices, with no accrued income taken into account, and avoiding the tax liability.

Another possibility is to restrict the trust to investing in low coupon stocks, where any liability would be small.

In theory, gilt income trusts are not affected by the changes. In practice, many of these are being hit as well. Income trusts may still do a fair amount of switching in and out of stocks, and they will also face the problem of 45 per cent tax on accrued income which, even if it is not a material amount, is messy in administrative terms.

A further feature of Section 60 trusts rubs salt into the wound: they are not allowed to charge management expenses to pre-tax income. Any increase in costs is a direct charge on the fund.

The obvious answer is to renounce the privileged Section 60 status. This course of action was pioneered in November last year by Prolific, which converted its Gilt Capital Trust into a Convertible and Gilt Trust.

Allied Dunbar's Gilt Growth Trust is also going into convertibles. The group's Gilt Income Trust will remain a Section 60 trust with the same investment policy, but it has altered its accounting procedures in order to distribute accruals as income.

Allied took this course, says fund manager John Sharman, because it was not workable to account for tax differently from distributions. The additional rate tax charge cannot be passed on as a tax credit to investors unless accruals are distributed.

Gartmore is changing its Fixed Interest Income trust to international bonds. The group expects to increase the yield of 8 per cent-plus on the existing fund by at least 1 per cent.

Tyndall has chosen to offer unit holders a free switch into its Preference trust, after which it will terminate the fund. Unitholders could perhaps complain that they are being forced to make a disposal that could create a capital gains tax liability. In practice, the group has had no complaints and feels that most unit holders will not exceed the capital gains tax exempt limit. All unit holders so far, except for a handful, have chosen to take the free switch.

The largest trust in the gilt growth sector, Equity and Law's Gilt and Fixed Interest, is not expected to make any immediate changes. But manager Chris Lawrence is dealing for the time being, at clean prices in order to avoid liability on accruals. If the 45 per cent tax rate is not changed, the group will be switching out of Section 60 status.

Don't forget there is an exemption from the accrued income scheme for individual investors with less than £5,000 nominal in gilts.

GILT GROWTH TRUSTS—TOP FIVE PERFORMERS

Performance to October 1, 1986. Offer to bid, income reinvested

	One year % growth
Whittingdale Short Dated Gilt	14.3
Holborn Gilt Trust	9.1
Abbey Capital Reserve	6.6
Mercury Gilt	5.6
Allied Dunbar Gilt Growth	3.2
Sector average	1.2
Total funds in sector	19
FTA All Government Stocks Index	4.6
Building society ordinary share account	6.8

Source: OPAL

The Investment Trust Table

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns (1)–(6): as at close of business on Monday 20th October 1986. Columns (7)–(11): as at 30th September 1986.

Total Net Assets (1) £ million	INVESTMENT POLICY Trust (2)	Management (3)	Share Price (4) pence	Yield (5) %	Net Asset Value (6) pence	Geographical Spread: UK (7) %	Nth. Amer. (8) %	Japan (9) %	Other (10) %	Gearing Factor (11) base=100	Total Return on N.A.V. over 5 years to 30.9.86 (12) base=100
	CAPITAL & INCOME GROWTH										
536	Alliance Trust	Independently managed	813	3.9	1056	35	50	10	5	92	322
143	Bankers	Touche, Remnant	135	2.9	156	41	30	14	15	106	366
372	British Investment	Independently managed	458	4.7	589	47	26	26	1	90	294
93	Brunner	Kleinwort Benson	98	3.3	128	50	33	3	14	104	293
623	Edinburgh Investment (w)	Dunedin Fund Managers	152	3.2	193	54	17	11	18	108	312
830	Foreign and Colonial	Foreign & Colonial	100	2.3	126	31	25	21	23	110	347
909	Globe	Electra House Group	126	4.1	157	66	20	12	2	99	300
384	Govett Strategic	John Govett	257	2.0	308	48	7	15	30	116	312
11	Jos Holdings	Kleinwort Benson	134	4.2	181	78	8	–	14	102	312
†	Keystone	Mercury Warburg Inv. Man.	268	2.7	†	51	27	11	11	106	†
107	Kleinwort Charter	Kleinwort Benson	99	3.4	131	61	20	10	9	97	304
8	Lancashire & London (q)	Finsbury Finance	143	7.1	189	95	5	–	–	71	†
34●	London & Strathclyde	Gartmore	162	2.5	215	61	31	7	1	107	282
54	Meldrum	Gartmore	114	3.6	134	93	6	1	–	96	342
127	Outwich	Baring Inv. Man.	205	2.3	235	58	16	17	9	94	311
100	River and Mercantile	River & Merc. Inv. Man.	166	5.1	204	55	35	3	7	93	313
52	River Plate & General (w) △	Tarbutt & Co.	270	4.6	310	75	12	–	13	94	260
46	S. & P. Ret. of Assets (w) △	Save & Prosper Group	123	3.8	179	82	18	–	–	141	†
26	Scottish & Mercantile (q)	Finsbury Finance	84	7.6	96	71	2	–	27	102	†
21	Scottish Cities (q)	Finsbury Finance	457	7.5	630	98	2	–	–	72	†
517	Scottish Mortgage	Baillie, Gifford	543	2.3	686	40	21	19	20	114	369
266	Scottish National	Gartmore (Scotland)	305	2.4	360	53	26	14	7	105	288
178	Second Alliance	Independently managed	698	3.8	920	37	49	10	4	95	325
594	TR Industrial & General	Touche, Remnant	218	2.6	267	50	26	18	6	98	299
544	Witan (w)	Henderson	107	2.2	137	56	20	13	11	108	338
55	Yeoman (q)	Independently managed	385	4.0	418	80	11	5	4	99	325
	United Kingdom										
14	City of Oxford	Hambros Bank	272	4.4	321	99	1	–	–	96	308
45	Fleming Claverhouse	Robert Fleming	186	3.9	226	100	–	–	–	102	337
68	Shires (w)	Stanecastle Assets	183	10.4	219	76□	14	2□	8	81	222
143	TR City of London	Touche, Remnant	58	5.3	70	89	11	–	–	103	344
114	Temple Bar	Guinness Mahon Inv. Man.	154	5.2	198	99	1	–	–	98	355
	CAPITAL GROWTH										
	General										
286	Anglo-American Securities	Morgan Grenfell	378	2.3	495	38	29	24	9	102	311
177	Atlantic Assets	Ivory & Sime	99	1.6	142	18	80	–	2	102	207
99	Electric & General	Henderson	376	1.7	505	54	24	12	10	99	347
34	Greenfriar (w)	Henderson	390	0.6	361	57	12	6	25	112	400
8	Personal Assets (q)	Ivory & Sime	37	1.4	51	61	39	–	–	99	†
	International										
108	Berry	GT Management	236	0.6	288	54	20	11	15	93	313
100	English & Scottish	Gartmore	98	2.0*	119	40	17	16	27	96	313
39	F & C Eurotrust	Foreign & Colonial	290	0.9	270	2	–	–	98	113	449
273	Fleming Overseas	Robert Fleming	160	2.4	205	6	46	18	30	98	321
119	Fleming Universal	Robert Fleming	142	1.5	180	10	43	18	29	97	298
73	Gartmore Inform. & Fin. (w)	Gartmore	51	3.1	64	63	37	–	–	114	220
79	General Funds (q)	City Financial	187	1.5	213	30	14	36	20	102	331
10	German Securities (w)	Liechtenstein (UK)	111	–	123	–	–	–	100□	60	†
157	Hambros (w)	Hambros Bank	198	3.2	253	54	32	7	7	106	251
60	'Investing in Success' (q)	City Financial	842	1.0	887	33	12	36	19	106	307
142	Kleinwort Overseas	Kleinwort Benson	140	2.5	175	7	43	15	35	98	314
21	London & Gartmore	Gartmore	370	0.8	398	27	10	–	63	101	303
12	Mid Wynd International	Baillie, Gifford	197	1.7	235	19	32	15	34	95	†
213	Monks	Baillie, Gifford	221	1.7	274	28	26	19	27	99	315
122	Murray Smaller Markets	Murray Johnstone	353	1.1*	387	15	4	21	60	102	398
14	Nordic △	GT Management	58	0.5	80	25□	–	–	75	100	†
85	North Atlantic Securities △	Morgan Grenfell	355	1.3	439	–	42	43	15	97	294
167	Northern American	Dunedin Fund Managers	390	2.0	493	16	27	25	32	105	325
30	Northern Securities	GT Management	210	2.0	259	64	17	9	10	100	284
128	Romney	Lazard Brothers	375	1.9	442	9	37	31	23	99	303
339	Scottish Eastern	Martin Currie Inv. Man.	123	2.3	153	44	17	23	16	106	319
444	Scottish Investment Trust	Independently managed	395	2.2	464	32	29	19	20	104	300
95	Trans-Oceanic	Schroder Inv. Man.	207	2.6	260	33	39	14	14	92	265
97	Tribune	Baring Inv. Man.	142	2.8	186	42	23	18	17	88	311
273	U.S. Debenture Corp.	GT Management	303	3.1	344	55	19	15	11	108	285
	North America										
153	American	Edinburgh Fund Mgrs.	132	3.3*	175	20	80	–	–	100	232
147	Edinburgh Amer. Assets	Ivory & Sime	101	0.8	139	20	74	3	3	123	245
142	Fleming American	Robert Fleming	505	1.6	670	3	97	–	–	97	250
33	Gartmore American Secs.	Gartmore	125	1.5	165	19	77	1	3	97	322
149	Govett Atlantic	John Govett	138	2.9	176	15	84	–	1	98	210
80	TR North America	Touche, Remnant	95	2.7	123	7	93	–	–	94	263
	Far East										
43	Drayton Far Eastern (w)	MIM	186	0.8	237	3□	–	66	31	98	317
164	F & C Pacific (w)	Foreign & Colonial	210	1.0	283	7	19	53	21	104	323
289	Fleming Far Eastern	Robert Fleming	129	1.1	180	1	–	76	23	101	431
293	Govett Oriental	John Govett	212	1.5	292	4	–	75	21	110	377
23	Martin Currie Pacific (w)	Martin Currie Inv. Man.	144	0.5	176	6	–	70	24	94	†
6	New Australia △	Clayton Robard (UK)	95	2.3	120	–	–	–	100	93	†
14	Pacific Assets (w)	Ivory & Sime	101	1.0	116	5	–	–	95	94	†
71	Pacific Investment (w) △	Thornton & Co.	125	0.4	135	6	–	52	42	82	†
38	TR Australia (w)	Touche, Remnant	103	3.1	123	6	–	–	94	98	205
175	TR Pacific Basin (w)	Touche, Remnant	177	0.8	232	2	–	78	20	100	448
	Japan										
45	Baillie Gifford Japan (w) △	Baillie, Gifford	350	0.2	421	–	–	100	–	99	†
14	Baillie Gifford Shin Nipp. (w)	Baillie, Gifford	61	1.1	79	–	–	100	–	97	†
96	Crescent Japan	Edinburgh Fund Mgrs.	217	0.2	284	–	–	100	–	96	489
235	Drayton Japan	MIM	681	0.2	882	4	–	95	1	101	460
143	Fleming Japanese	Robert Fleming	705	0.6	923	2	–	97	1	101	495
86	GT Japan	GT Management	215	0.9	277	2	2	94	2	78	462
†	Japan Assets (w)	Ivory & Sime	60	0.1	†	†	†	†	†	†	†
66	New Tokyo (w)	Edinburgh Fund Mgrs.	228	0.5	306	–	–	100	–	98	462
	Commodities & Energy										
5	City & Foreign	MIM	115	1.2	135	30□	70	–	–	62	148
7	New Darien (w)	Hodgson Martin	56	1.6	69	37	61	–	2	86	70
21	Precious Metals △	J. Rothschild	144	0.5	176	5□	56	–	39	93	†
94	TR Natural Resources	Touche, Remnant	147	4.0	157	33	37	–	30	99	165
21	Viking Resources	Ivory & Sime	39	7.3	52	57	43	–	–	92	56
14	Wemyss	APA Ifico Inv. Man.	620	5.0	639	72□	28	–	–	50	†
	Technology										
10	Baillie Gifford Tech. (w)	Baillie, Gifford	57	3.8	88	45□	55	–	–	79	†
80	Fleming Technology	Robert Fleming	154	2.1	201	39	37	21	3	98	225
82	Independent	Ivory & Sime	198	1.2	290	21	75	–	4	84	214
350	TR Technology	Touche, Remnant	110	2.3	147	37	42	16	5	103	273
	INCOME GROWTH										
†	British Assets	Ivory & Sime	57	4.9	†	†	†	†	†	†	†
151	First Scottish American	Dunedin Fund Managers	328	4.8	410	89	4	1	6	106	296
71	General Consolidated △	Independently managed	312	5.6	377	68	29	–	3	88	307
†	Investors Capital Trust	Ivory & Sime	262	5.8	†	†	†	†	†	†	†
38	Lowland	Henderson	150	3.4	151	90	4	–	6	95	539
157	Merchants	Kleinwort Benson	119	5.1	150	67	25	1	7	95	276
179	Murray Income	Murray Johnstone	151	5.6*	188	71	12□	–	17	105	352
268	Murray International	Murray Johnstone	162	4.3*	206	40	36□	14	10	92	324
139	Raeburn	Lazard Brothers	428	3.9	509	54	28	12	6	98	275
201	Securities Trust of Scotland	Martin Currie Inv. Man.	90	3.8	111	52	24	14	10	104	360
	SMALLER COMPANIES										
16	Continental Assets (w)	Ivory & Sime	112	–	129	–	–	–	100□	73	†
46	Dundee & London	Dunedin Fund Managers	198	4.0	269	74	13	12	1	98	276
53	English & International (w)	MIM	166	3.3	199	58	23	17	2	104	310
69	F & C Alliance	Foreign & Colonial	117	2.2	145	39	26	18	17	105	282
10	First Charlotte	Ivory & Sime	12	0.6	13	95	1	4	–	92	172
23	Fleming Fledgeling	Robert Fleming	132	1.1	177	71	26	3	–	94	287
62	Glasgow Stockholders	Gartmore (Scotland)	138	2.4	162	47	37	3	13	101	274
16	Kleinwort Smaller Cos.	Kleinwort Benson	290	4.1	368	98	1	–	1	98	357
31	London Atlantic	Investors in Industry	190	5.1	259	73	14	–	13	96	274
22	Moorgate	Independently managed	425	4.7	466	93	1	–	6	90	369
21	North British Canadian	Investors in Industry	220	4.5	308	95	4	–	1	102	295
66	St Andrew	Martin Currie Inv. Man.	150	3.0	191	55	20	20	5	93	329
220	Scottish American	Stewart, Ivory	80	3.2	98	44	31	11	14	98	255
41	Smaller Companies Int.	Edinburgh Fund Mgrs.	79	2.5	104	52	24	24	–	93	312
20	Strata Investments (w) △	Henderson	125	–	131	34	22	13	31	100	†
222	TR Trustees Corp.	Touche, Remnant	176	3.4	229	65	27	8	–	104	286
254z	Throgmorton (w)	Throgmorton Inv. Man.	290	4.1	374	89	9	1	1	116	356
21Ø	Throgmorton USM (w) △	Throgmorton Inv. Man.	77	–	106	99	1	–	–	110	†
	SPECIAL FEATURES										
75	Ailsa △	J. Rothschild	118	3.0	146	41	33	15□	11□	94	†
18●	Consolidated Venture (w)	MIM	134	0.1	166	21□	78	–	1□	90	246
160	Drayton Consolidated	MIM	342	4.3	459	75	17	6	2	96	228
23	Edinburgh Financial (w)	Stanecastle Assets	41	3.8	45	76	12	2□	10□	161	†
†	Ensign Trust	Merchant Navy Inv. Man.	70	1.7	†	†	†	†	†	†	†
39	Fleming Enterprise	Robert Fleming	310	4.1	393	100	–	–	–	101	304
285	Fleming Mercantile	Robert Fleming	174	3.1	191	54	33	7	6	92	282
18	GT Global Recovery △	GT Management	158	2.2	181	72	16	5	7	110	242
59●	Murray Ventures (w)	Murray Johnstone	417	3.4	511	69	11	11	9	87	355
92	Nineteen Twenty-Eight △	London & Manchester	207	2.8	245	92	8	–	–	103	244
117	TR Property	Touche, Remnant	194	2.9	253	64	13	13	10	99	273
18Ø	Value and Income (w)	Stewart Olim	41	4.3	44	98□	1	–	1	71	†
	SPLIT CAPITAL (x)										
27	Altifund 86/88	Gartmore	675	0.1	779	98	2	–	–	76	358
2	Child Health 87	Thornton & Co.	370	–	416	43	1	23	33	126	268
45	City & Commercial 88/93	MIM	773	–	1122	81	8	10	1	106	361
38	Dualvest 85/87	MIM	1475	–	1693	90	8	2	–	102	324
36	Fundinvest 85/90	MIM	390	–	503	77	10	11	2	104	338
2	Marine Adventure 88	Thornton & Co.	225	–	259	44	1	22	33	124	†
47z	New Throg. (1983) (w) 08	Throgmorton Inv. Man.	63	–	146	100	–	–	–	138	†
38	S. & P. Linked 95/97	Save & Prosper Group	415	–	683	100	–	–	–	116	456
24z	Throg. Secured Growth –	Throgmorton Inv. Man.	354	–	485	100	–	–	–	69	349
96	Triplevest 87/91	MIM	980	–	1357	89	10	1	–	113	311

NOTES TO THE TABLE

† No data.
* Applies to Ordinary/"A" Ordinary only.
□ More than one quarter in non-equity investments.
(x) Capital shares and winding-up dates.
z Incorporates recent revaluation of unlisted investments.
sc Adjusted for scrip issue.
sr Adjusted for rights issue.
(q) Published quarterly.
(w) Company has warrants or options in issue.
● More than 20% in securities or other assets included at directors' valuation.
△ The Trust has provisions for a limited life. Please refer to the company for further information.
Ø Figures not directly comparable with previous month.

Cols. 1, 4 to 6 Figures supplied by Wood Mackenzie & Co. Ltd. members of The Stock Exchange. The figures in Cols 1&6 are simulated to date shown based on latest valuation supplied by the companies and made available to The Stock Exchange.

Col. 11 The gearing factor indicates the percentage amount by which the net asset value per share would rise if the value of the equity assets increased by 100 per cent. Further explanation is given in the booklet 'More for your money.'

Additional explanatory notes are available on request from The Secretary, The Association of Investment Trust Companies, Park House (6th Floor), 16 Finsbury Circus, London EC2M 7JJ. Tel: 01-588 5347.

INDICES OF FIVE YEAR TOTAL RETURN

+ Investment Trust Average	386
F.T.-Actuaries All-Share	327
* Standard & Poors Composite	291
* Tokyo New Stock Exchange	539
* Morgan Stanley Cap. Int. World	361

+ Excludes split capital.
* Adjusted for exchange rate changes.

· MOTORING · TRAVEL ·

Stuart Marshall compares two new saloons and backs the British

Sterling stuff from Rover

The Rover Sterling. Never mind the Japanese connection — it feels and goes like a traditional British luxury car

IT TAKES at least 1,000 miles to get to know a car in all its moods. First impressions received in the hothouse atmosphere of an international media launch, when three or four versions may be driven for a total of 200 miles or less, may not be confirmed by longer acquaintance.

For example, a seat that feels fine for an hour may prove to be quite uncomfortable after a day-long drive. Or a car that runs quietly on the smooth roads of Germany or Switzerland may boom noisily when heading east of the A26 from Calais (the concrete surface of this autoroute is so rough, one feels it is awaiting a final layer of tarmac).

So the first thing I must say about the Rover Sterling I drove to Paris earlier this month was that I liked it even better than the manual Rover 800 and 825 models I sampled briefly in Switzerland last summer.

At £18,795, it is the flagship of the Rover fleet and is more than £8,000 dearer than the base model, the 4-cylinder 820E, at £10,750. Unfavourable price comparisons have been drawn between the Sterling and the least expensive of the new Jaguar XJ-6 saloons, the manual 2.9-litre at £16,495. This ignores the fact that the Sterling's leather trim, air conditioning, automatic transmission, powered seat adjustment, headlamp wash, ABS brakes and electric sunroof are all part of the package. On the 2.9 Jaguar they would cost £4,250 extra, bumping the price to £20,745, or close to £2,000 more than the Rover.

I am not suggesting that makes the Rover a bargain; far from it. But at least it puts accusations that it is overpriced into proper perspective.

The front seats are very comfortable. They suited my wife and I equally well, though I am much taller than her, and the rake adjustable wheel allowed us to choose an ideal driving position.

In the back, I found head and legroom adequate. The boot takes plenty of luggage but owners should be careful how they squeeze in the final bag. Projecting below the rear shelf are loudspeakers, wires and fasteners, perfectly placed to scratch a new case, suffer damage, or both. Rover should put this right immediately!

On the autoroute, the Sterling strode along silkily at 85 mph, with very little mechanical, tyre or wind noise. The ride was level and relaxing on the autoroute but rather less so on minor roads, when tyre thump was quote noticeable. An autobahn driver may be bothered by wind roar at speeds of 100 mph and more. Remarkably, the sunroof is usable at motorway speeds.

The Honda four-speed automatic transmission shifts upwards so nicely that one hardly notices the changes. But it can be jerky during hard acceleration from low speeds, when the drive takes up sharply. So sharply that in the cut and thrust of a Parisian rush hour, my sunglasses kept falling off the fascia shelf as the Sterling leaped into gaps left by tyre-squealing Renaults or Peugeots.

In the Sterling, the 2.5 litre Honda V6 engine develops maximum torque (pulls hardest) at 4,000 rpm instead of 5,000 rpm, as in the 825i with manual transmission. I had not tried a new Rover automatic before but found it pleasanter than the manual versions, which have to be driven fairly hard to make good progress.

The Rover 800s and 825s have been criticised by sporting motorists (the kind one meets travelling much too fast on country roads with restricted visibility) for having soggy handling. I think this unfair, bearing in mind that they are aimed at mature business drivers in the main, not at the tearaway fringe.

During my 1,000 miles I was never embarrassed by poor handling or roadholding in wet or dry conditions. I will, however, concede some lack of feedback from the steering. It seems over-assisted, particularly at low speeds. But is this important to buyers of cars like the Sterling? I doubt it. Over-light steering has never stopped people buying Jaguars, nor will it inhibit sales of the new XJ-6. Combined with a good lock, it does make the Sterling easy to park, which means more to most of us than being able to play at being rally drivers.

One of my main grouses is about the lack of interior storage space. The door pockets will not look at anything the size of a Michelin Guide; the glovebox in the fascia has an imposing, lockable lid but is miserably small when opened and the box between the front seats only holds five audio cassettes. The Sterling buyer deserves better.

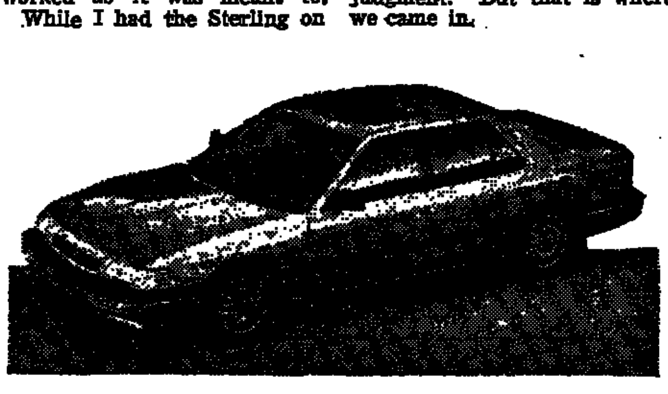
I am pleased to report that the car I used for two weeks averaged 28 mpg between tank brimmings although the computer pessimistically said it was doing a little over 22 mpg. It seemed to have been well put together. Nothing came loose or rattled and everything worked as it was meant to.

While I had the Sterling on test, I drove it to the presentation of the Legend. This is the Honda version of the car jointly developed with Rover, which builds it for Britain on the same assembly line. I do not think it looks as good as the Rover because the styling detail is fussier. Also, I prefer the Rover's interior — the Honda has no fascia shelf, even smaller door pockets and neat though less opulent trim.

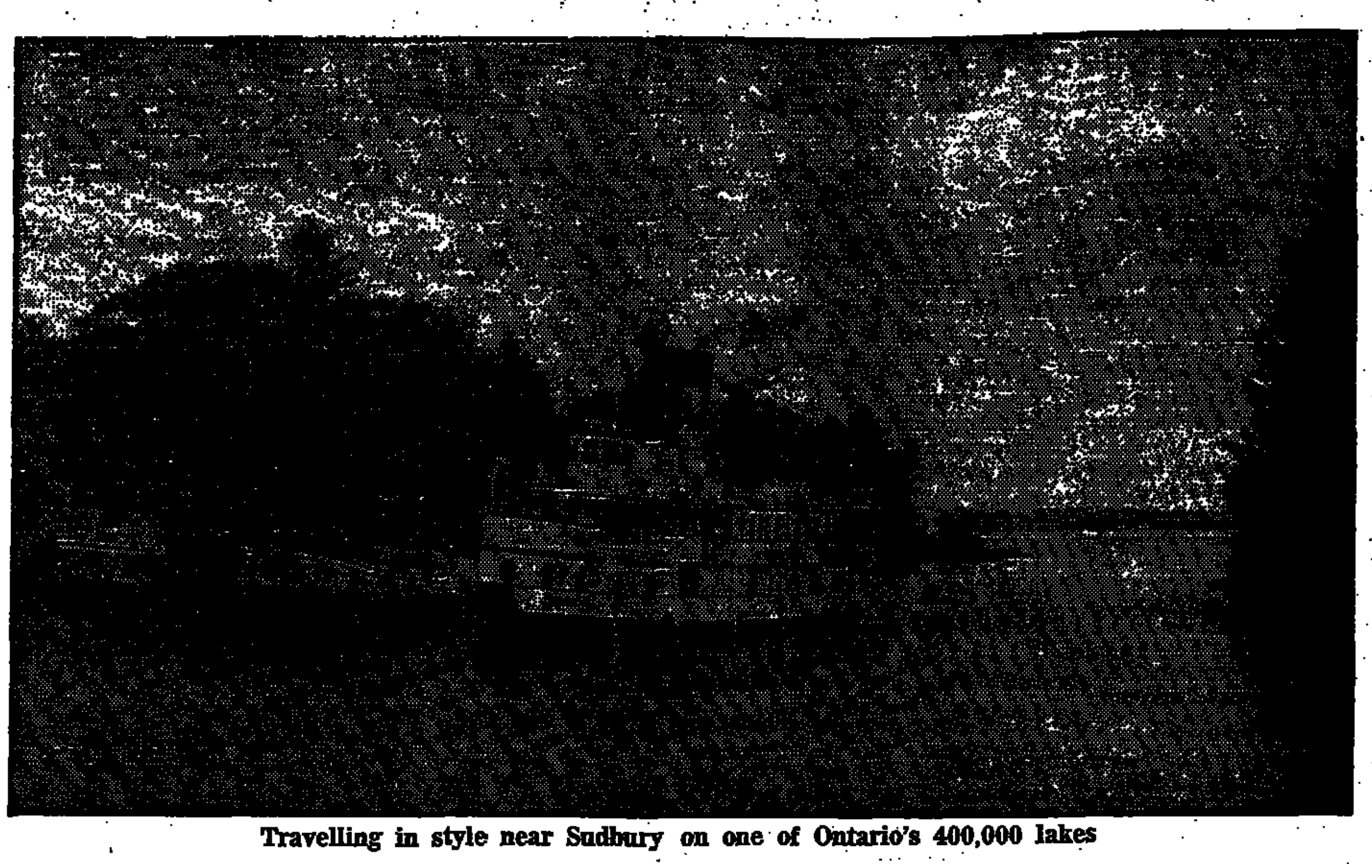
But bonus points for its left foot-rest, more precise transmission selector and storage box between the front seats.

Just two Legends are now in production at Cowley, both with V6 engines. They go on the market next January at about £14,700 for the equivalent to the Rover 825i and £16,700 for a more fully-equipped Sterling counterpart with air conditioning but no ABS brakes.

I hesitate to say which is likely to be the better buy because I only drove the Legend for about 50 miles and that is not enough to make a realistic judgment. But that is where we came in.



The Honda Legend. It come off the same assembly line but some of the differences are as obvious as the similarities



Travelling in style near Sudbury on one of Ontario's 400,000 lakes

Michael Thompson-Noel goes fishin' and sight-seein' in Ontario

Where white hunters follow the trail of the black bear

NEVER ONE to rough it, I have long viewed huntin', shootin' and fishin' as relatively tiresome pursuits that make sense only if the weather is auspicious and the threat of inconvenience or physical discomfort fairly close to nil. Happily, I encountered just these conditions on a recent visit to Lake Carafel, which is part of the Sturgeon River system, north-east of Sudbury, in central Ontario.

Although Lake Carafel is hauntingly beautiful, it is difficult to reach and is therefore visited only by an exclusive sort of person. In my case, everything was made possible by a train of attendants—a joyous band of staff—whose driving ambition was to see me land a muskellunge, or "musky"—the famed and fighting pike-like predator that is probably the most difficult fish to catch in North America.

There was a driver to drive me, a guide to guide me, a pilot to loft me over an Impressionist's palette of wilderness coloured by a hundred golds and russets, and finally—as I stepped from plane to boat and settled myself comfortably—a local expert to bait my line with a terrible lure, tiered with hooks, and to place the rod carefully in my hands.

It was 9.30 am. From a nearby lake came the harrowing call of loons. Now and then, flights of duck scudded past importantly. Everything was still. "When the musky hits," said the expert, jangling my nerves, "you'll know all about it. It will close on the lure sideways and hit you like a train. You had better be ready. We'll work the shoreline first, out of the wind; then we'll work past that old stone cottage. There's a musky down there that we call The Torpedo. He's four-and-a-half feet and more than 45 lb. Like I say: you'd best be ready."

As I listened, I came to dread the musky, which feeds on perch and bass and ducks and beavers—even moose, for all I knew. From time to time, my lure was hauled aboard and drenched in Berkley Strike Fish Attractant Formula, specially designed for northern musky, a preparation that creates a "smell path" in the water and is said by its Iowan maker to be "the product of thousands of hours of scientific research and underwater study."

It didn't work for me, I'm glad to say. In 3½ hours I saw no shimmering wake, no sidewise surge, although I did boat a bass—a tiny creature so far down the food chain that the guide flicked it back, with a wriggle of silver, into the stillness of the lake—a squirmy *hors d'oeuvre* for the lurking Torpedo. Twelve minutes later, the float-plane returned me to base camp at Loney's Sportsman's Lodge at Kukagami Lake, 79 road miles west of North Bay, 34 miles east of Sudbury, and 230 miles north of Toronto.

Fishing is big business in Ontario. The province's 412,582 square miles have more than 400,000 lakes and over 62,000 miles of navigable rivers and scenic waterways. Salmon were once so common in Canada's Great Lakes and rivers that canoeists killed them with paddles and gaol guards harvested them with pitchforks. The salmon are no longer so plentiful but restocking, natural reproduction and genetic manipulation are adding millions of new—and bigger—game fish to the pool.

If you wish, you can fish for your supper in the western basin of Lake Ontario, within sight of Toronto's skyline. Indeed, a Toronto-based travel firm, Connextions Group Travel Marketing, plans to aid British anglers keen to compete in the annual game fishing derbies held in Canada's Great Lakes.

The cost of attending the 1987 contests on Lake Ontario will be about £1,000 for air fare, hotel accommodation, and daily use of 30 ft high-tech charter boats. There are big prizes to be won, including C$100,000 for the largest salmon caught and a standing cash offer of $50,000 to the first angler to catch a salmon weighing more than 50 lb. "On some days," says Terry Raynor, president of Connextions, "a single boat may take more than 100 fish. They might include Pacific and Atlantic salmon, rainbow and brown trout, or large lake trout." If you want to bring a big fish home you can have it stuffed, though the cost of stuffing is horrendous.

By the sound of it, competitors in these derbies are mollycoddled, for the charter boat captains are not only expert fishermen but use sonar and temperature probes to find the big fish. In short, this is not wilderness fishing. To find that, you head north.

To get to Loney's Sportsman's Lodge I was driven north from Toronto on Route 400, which becomes Route 69, to the mining city of Sudbury. This is perched on the rim of Sudbury basin, thought to have been formed about 2bn years ago when a meteorite blasted a crater 50 to 100 miles in diameter and three to four miles deep. As one of the US astronauts radioed back to earth during a lunar walk: "Houston . . . we seem to have found shocked rock formations here on the moon which are similar to those we examined during our training in Sudbury."

Times are hard in Sudbury because of the depressed price of nickel. Yet two things cheered me up. First, Sudbury has an outstanding science museum, Science North; second, at the Sheraton Caswell Inn, I read a note warning guests that long delays in room service might be occasioned by the "activity climate in our room service department at the time of your call." It was 6.00 am, so I walked three blocks to find a diner. Breakfast was horrible but the waitress was enveloping, in a bossy sort of way.

From Sudbury, the Sportsman's Lodge is less than an hour's drive. It offers year-round fun and games including fishing, hunting, tennis, riding, cross-country skiing, snowmobiling, skating and snowshoeing. In the wilderness around Kukagami it is possible to see wolves, moose, otters, beavers, foxes, racoons, deer, game birds and wild turkeys, the latter of which are staging a come-back thanks to wild life exchanges. Ontario has received eastern wild turkeys from Missouri, Iowa, Michigan, New York and Vermont, in return for which it has provided moose, river otter and grey (Hungarian) partridge.

The lodge was built and is run by Mike Loney, a quiet giant who between May 10 and June 15 organises a spring hunt for black bear. Whether it is any more mindless to hunt and kill a black bear than it is to hunt and kill a small bass, or a moose, or a game bird, is a question I chewed on like a speck of carrion, without reaching a conclusion. But what shocked me was discovering how little it costs to hunt and kill a bear: $25 for a non-resident's licence, $60-a-day hunting charge (plus accommodation), $20 for an export permit, and $250 to $800 to have it taxidermised.

Huntsmen from the lodge killed a dozen bears this year. On average, 40 to 45 per cent of hunters from the lodge actually kill a bear (the limit is one each). All stands are pre-baited and insect repellant and rain gear are strongly advisable. "We shoot at up to 100 yards, only with a good view of the target, and mostly in the evenings." Loney told me quietly. "I will show them how to skin a bear but I won't do it for them. They must skin the hide and carry it out themselves."

Unless you really want to kill something, you would be better off pottering along quietly on land, lake or river, hoping for a glimpse of one of the 14 animals and plants that in all Ontario's vastness are now endangered. These include the white pelican, eskimo curlew, golden eagle, timber rattlesnake, eastern cougar and small whorled pogonia (a North American orchid that has been considered scarce for as long as it has been known to science).

From Sudbury, I returned south to view the touristic magnet of Niagara Falls, which are well worth seeing and worth going to see. Along the way, though, there are numerous diversions. For example, The Inn and Tennis Club at Manitou, which is a member of Relais et Chateaux, is a luxury tennis resort of an opulence you might not have seen. In surroundings like that, even my stop volley pings like fine crystal; while even if it didn't, I was welcome to top-up on *oeuf de caille* and *coquelet roti* and *millefeuilles de framboises*, items I have always relied upon to beef up my serve.

More to the point, do not miss a visit to Sainte-Marie Among the Hurons and the nearby Martyrs' Shrine, two miles east of Midland, which commemorate the work and death of 17th century Jesuits among the Huron (or Ouendat) Indians. The mission lasted only 10 years. Eventually, six priests and two lay helpers were slaughtered and the Ouendat nation was obliterated by the Iroquois.

What you see at Saint-Marie is a painstaking reconstruction of the mission complete with bastions and palisades, barracks, granary, refectory, chapel, church, wigwam and Huron longhouse. What you feel is the acutest sense of loss, for the treatment of the Canadian Indians (although not by the Jesuits) was as abominable as the treatment of indigenous peoples almost everywhere. "They were screwed blue and tattooed," said my driver solemnly. "It is not a story of which we are proud."

In Toronto, I had lunch with Ed Mirvish, an entrepreneur of the old school who ought to be teaching at Harvard but who contents himself with interests that include Ed's Warehouse Restaurants, Toronto's Royal Alexandra Theatre, and London's Old Vic. "I love the media," Ed told me. "I love all that ink."

I told him I had been fishing. He rolled his eyes. "How I loathe fishing," said Ed. "I always have a bad experience. I took my wife out on a lake once up by Midland. A very *small* lake. I didn't catch a thing. 'We'd better go home, Ed,' she said. So I started rowing, but we were going round in sorta circles. 'You're making a mess of this, Ed,' she said. 'What's this,' I shouted. 'You got to be a genius or something to row a boat?' So I carried on rowing. It took for ages. When I finally got to the boathouse the man looked down and said: 'Why, Ed, you never raised your anchor.' Now that's a true story. How I do loathe fishing."

TRAVEL DETAILS

To mark its 50th anniversary, Air Canada has announced a winter seat sale to most Canadian destinations. Maple Leaf fares to Toronto have been reduced to £235 return on specified flights.

In London, the Ontario Information Service is at Ontario House, Charles II St, SW1Y 4QS. (01-930 4400).

Connextions Group Travel is at 1075 Bay Street, Suite 610, Toronto, Ontario, Canada M5S 2B1 (416 922 7510).

The mailing address for Loney's Sportsman's Lodge is PO Box 476, Garson, Ontario (705-858 1281). Winter rates range from $105 per person at weekends (two nights plus meals) to $210 mid-week (Sunday night to Friday afternoon, 15 meals).

Rates at the Inn and Tennis Club at Manitou (416-785 3833) range from about $119 to about $195 per person daily (full American plan, which means accommodation plus three meals "plus all fruit and juice breaks," double occupancy).

● BOOKS. A good all-round guide is Birnbaum's Canada 1986, Houghton Mifflin, Boston, about $17.95. Good background: Roughing It in the Bush by Susanne Moodie, Virago Travellers, London, £5.95, or titles by Farley Mowat, including Canada North Now, McClelland and Stewart, $5.95. Also: In the Early Dawn, Catholic Church Extension Society of Canada, Toronto, $2.

BRIDGE

IN EACH of today's hands the declarers showed excellent technique. We start with Championship Teams-of-four:

N
♠ A Q 10 6 4 3
♡ A Q J 5
◇ 10 5
♣ 6

W
♠ 2
♡ 9 8 4
◇ K Q 8 7 6 4
♣ 8 5 3

E
♠ K 7
♡ K 10 7 3
◇ 3
♣ A K Q 9 7 2

S
♠ J 9 8 5
♡ 6 2
◇ A J 9 2
♣ J 10 4

With both sides vulnerable, East dealt and opened the bidding with one club, South passed, West replied with one diamond, and North doubled for take-out. East rebid two clubs, South came in with two spades, and North's raise to four spades concluded the auction.

West led the eight of clubs, taken by the queen, and East returned the three of diamonds, which was clearly a singleton. Taking his ace at once, the declarer ruffed his ten of clubs in dummy, cashed the ace of spades, to which both opponents followed with low cards, and led another spade to the king.

East played his ace of clubs, but instead of ruffing on the table South discarded the ten of diamonds. This clever loser-on-loser play endplayed East, who now had to choose between leading back a heart into dummy's major tenace and conceding a ruff discard by a club return.

After reflection he decided to lead his king of clubs. This allowed the declarer to discard the two of hearts from his hand, while dummy ruffed.

The ace of hearts was cashed, and the queen followed. East did not cover, but the declarer, who had made up his mind that East must hold the king, discarded a diamond, and when this held the trick, he claimed his contract.

Excellent play; simple, but very effective.

Now for something really difficult from rubber bridge:

N
♠ 10 8 4 2
♡ 9 7 2
◇ A K 7 5
♣ A 6

W
♠ K
♡ 5 3
◇ 8 6 2
♣ Q J 10 8 5 4 2

E
♠ A Q J 9 7 6 5
♡ 10
◇ Q 10 4
♣ 9 3

S
♠ 3
♡ A K Q J 8 6 4
◇ J 9 3
♣ K 7

With North-South game, East dealt and opened with three spades, South overcalled with four hearts, and North raised to six hearts. West led the king of spades, East overtook, and returned the queen. South ruffed with the knave of hearts, and drew trumps with ace and king.

There were two chances for his slam—to drop the queen of diamonds in two rounds or to play for a spade-diamond squeeze against East.

The declarer continued with three more hearts, throwing two diamonds from the table, and cashed his king of clubs. This left a five-card position, in which dummy held ten, eight of spades, ace, king of diamonds, and the ace of clubs. East held knave, nine of spades and his three diamonds intact, while South held one trump, his three diamonds, and a club.

When South crossed to dummy's ace of clubs, East was forced to part with a spade or a diamond, and he decided to discard his nine of spades. The declarer led one of dummy's spades, covered by East's knave, and ruffed in hand. Now he led a diamond, and dummy's hand was good.

If East had thrown a diamond, South would have cashed dummy's ace and king, and returned to hand by ruffing a spade in order to enjoy the knave of diamonds for his 12th trick.

E. P. C. Cotter

CHESS

LITTLE-KNOWN Andrei Sokolov, 23, is poised to challenge the Kasparov-Karpov duopoly of the world chess championship following his success this month in the final candidates match at Riga. Sokolov defeated Artur Yusupov 7½-6½ after being two down with four games to go, then winning three in succession.

Though Sokolov is a former USSR senior and world junior champion, his rapid rise has confounded experts who regarded him as a lightweight. His joint first prize at the 1985 Montpellier candidates, and his candidates match victories

were all unexpected.

There is now near-unanimity that Sokolov will be an easy chopping-block for Karpov in February's "candidates super-final" which decides Kasparov's next challenger. I am less sure, particularly since Karpov may not relish the prospect of a third and perhaps heavier defeat from Kasparov. Sokolov's play was impressive in the recent match where his speciality proved to be rapid strikes by apparently distant pieces against Yusupov's king.

White: A Sokolov (USSR). Black: A. Yusupov (USSR). French Defence (11th game 1986).

1 P-K4, P-K3; 2 P-Q4, P-Q4; 3 N-QB3, B-N5; 4 P-K5, N-K2;

7 N-B3, Q-R4; 8 B-Q2, QN-B3; 9 B-K2, PxP.

The normal plan B-Q2; 10 0-0, PB-5 followed by 0-0-0 is preferable.

10 PxP, Q-R5; 11 B-K3, P-QN3; 12 Q-Q3!

White stops the exchange B-QR3 and activates his major pieces via the third rank.

12 . . . N-R4; 13 N-Q2, B-Q2; 14 0-0, R-QB1; 15 KR-B1, 0-0; 16 QR-N1, N-B5; 17 R-N3, R-B2. Black underestimates potential danger to his king and transfers too many pieces to the Q-side. The right plan is NxB and if 18 QxN, N-B4 or 18 PxN, P-B4; 19 PxP ep, PxP.

18 N-B3, KR-B1; 19 B-N5! N-N3; 20 P-R4!

Suddenly White has a strong attack, while Black is over-committed to the other flank.

20 . . . N-R4; 21 R-N4, Q-B3; 22 P-R5, N-B1; 23 Q-K3, B-K1; 24 B-B6! P-R3.

The threat was 25 BxP, KxB; 26 Q-N5 ch, N-N3; 27 P-R6 ch, K-B1; 28 Q-B6 and 29 N-N5.

25 Q-B4, Q-B6; 26 Q-N4, N-N3; 27 PxN, PxP.

If 27 . . . PxB; 28 KPxP, PxP; 29 N-K5 with QxKP ch, NxP or B-Q3 to follow. In his lost position, Yusupov tries to gain several pawns for a piece.

28 B-R4, QxRP; 29 R(4)-N1, B-B2; 30 R-Q1, P-KN4; 31 BxP! PxB; 32 NxP, Q-K2; 33 B-Q3.

If 33 Q-R4, B-N3, but now Q-R4-R7-R8 ch is a decisive threat. Black tries another counter-sacrifice, but it's too late.

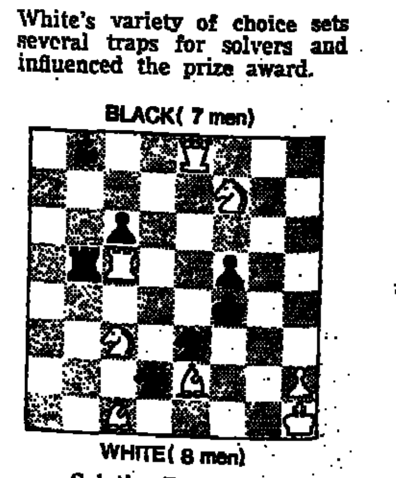
33 . . . RxP; 34 BxR, RxB; 35 QR-B1, R-B3; 36 RxR, NxR; 37 R-Q3, B-N3; 38 R-QB3, N-Q1; 39 R-B8, B-B2; 40 P-B4, Q-Q2; 41 R-QR8, resigns.

Two excellent books of the world title series can be recommended: *Kasparov v Karpov* (224 pages, £2.95 till October 31, then £9.95 from Chequers, 18 Chalk Farm Road, London NW1) has a diagram for every move, comments by Hartston, photos and cartoons, while *Kasparov-Karpov III* by Keene and Goodman (Batsford, 124 pages, £5.95) has on-the-spot and background reports which provide an entertaining read.

PROBLEM NO. 643

White mates in two moves, against any defence (by T. H. Bwee, 1st prize 1976 Olympiad). White's variety of choice sets several traps for solvers and influenced the prize award.

BLACK (7 men)



WHITE (8 men)

Solution Page XXIII

Leonard Barden

Homes fit for the new financiers

THERE ARE unlikely to be queues of cash buyers outside the country house, overseas villa, and Central London residential agencies on the day after the City's Big Bang of October 27. Although that will mark the formal completion of the 100 per cent buy-out of many of the stockbroking and jobbing firms by their new banking and securities house partners, few payments under the partnership purchase agreements or staff incentive deals are directly linked to the Big Bang itself.

"I wouldn't expect to see a lot of stockbrokers with wallets padded with green notes in the *last quarter of 1986* or *the first* quarter of 1987," says Charles Irby, a director of merchant bankers Baring Brothers.

Barings has been involved in the structuring of a number of the City partnership purchase schemes and as Irby says, "the whole purpose of golden handcuffs is that payments are not on Big Bang-day, but further down the line." Many of the arrangements have been structured as "earn-outs," being tied to firms' performance over the next few years. So the first tranche payments that enlivened the top end of the housing market last year are not the end of the story by any means.

"There is going to be more City money coming out over the next few years," says Irby. But he also sees a possible problem *as* buy-out payments, performance, and joining bonuses have been spread to make them more tax efficient," a lot of people will be earning big incomes this year and next, and some may regard that as continuing salary to service loans."

As for the post-Big Bang *influx of City workers into London*, although many of the expanding US groups have already moved in their key staff, Irby does expect to see more Americans arriving in London. In his experience, "a lot of them are now putting down roots" and are becoming *keener to buy than to rent*. The Japanese have thus far shown themselves uninterested in the really high cost rentals of Central London, preferring to work through Japanese agents where possible, and to buy in cheaper, off-centre locations.

In a recent study of the prospects for City jobs as a whole the Henley Centre for Forecasting came up with a figure of an annual 4 per cent increase, adding 200,000 new jobs by the mid-1990s, 120,000 of them in financial services. But only a fraction of those jobs would be in the high earning world of senior bankers and the pilots of dealing screens, so they are unlikely to have a direct impact on prime property prices.

In the meantime, timezone victims, those golden hand-*shaken* and now handcuffed servants of the new, early start City, seem to be finding commuting a bit of a problem.

David MacLean Watt, running Clutton's London residential operations, and Desmond Hampton, responsible for the agency's country properties, *have been noticing* yearly signs of a tidal ebb in the race to move out of town.

A country house and a flat in town *is the classic theoretical* solution to the problem. But now that a good, small modern central London flat can cost you £150,000 before running costs, that's not always a realistic option. And you can imagine the number of problems that arrangement causes City workers with *families*.

David MacLean Watt, having worked in an agency in the

John Brennan predicts that any boom in housing for a Big Bang influx to the City will not expand London's up-market residential areas

In recent months they have come across a few City executives who, having leapt at the chance of buying a country house, paddock, driveway, and all the trimmings, are finding that the life of the country gentleman doesn't accord with the working hours of the new, all-action, 24-hour a day trading City of London.

Getting up a 6 am to reach the office by 7.45 is fine in theory, but when the day doesn't end until mid-evening long distance commuters rarely get to see their country home in daylight hours during the week.

Islington market in the years when it was being "discovered" as a potential City village, recalls arguments that were used in favour of the areas as a home base for senior City people.

The arguments sound remarkably similar to those used now in favour of Docklands. In his opinion, Islington properties never quite managed to break through into the senior staff price range of Kensington and its satellite areas because it just doesn't have the quality of shopping, or the depth of amenities of the West End. He thinks that the same problem now faces *residential* developers in Docklands.

Adrian Wright of Callander Wright makes the same point. Locational logic is one thing, but being close to the City isn't enough on its own. Senior American bankers, their British counterparts, and those would-be *senior* executives *in* the major finance houses, are, as Wright says, highly conscious of the need to live in the "right" area. They may be innovative in their work, but they are not pioneers when it comes to deciding on where to live.

Schools, and shops, and status are the locational criteria that still really determine buying preferences in London. Harrods and the other big stores, and a neighbourhood with an estab*lished image*, exert an *irresistible* pull. As Wright says, not too many buyers are keen to go to work each day leaving their wife (and in spite of the City's increasing equality on jobs for men and women, London agents confirm that it is normally the wife who, in the expressive jargon of the relonation companies, turns out to be the "trailing spouse") in an area with anything but an established reputation.

It adds up to a problem for agents with a worryingly large number of new luxury developments in Docklands coming onto the market over the next year. *The schemes themselves are* adding to the oases of quality housing in the area. But many of the new properties are expected to come onto the market at prices which, on a space for space and quality to quality basis are on a par with new and refurbished space in the West End.

These new executive estates—even those with a river, or at least a water view—do not have the unique appeal of the riverside warehouse conversions that set the pace for up-market properties on the western edges of Docklands, so their main sales strength tends to be proximity to the City, which, on the Harrods thesis, may not be enough.

If Henley's figures on City job *growth prove to be correct*—and the 8.8m sq ft of offices, the hotels, and half a million sq feet of shopping proposed over a 10 year span at Canary Wharf do help to shift the City's centre of gravity eastwards—up-market housing on the Isle of Dogs, Leamouth, and in the water city proposed in the Royal Docks further east, may indeed become fashionable enough to appeal to those who now look to the West End to live. But not too many people are happy to take a five to ten year view on the potential of their neighbourhood.

Price levels soar to nearly £1m mark in W9

MAIDA VALE property prices are acquiring a "greater Regents Park" look, with houses on Bloomfield Road, Little Venice, W9 on the market — but not yet quite achieving — £1m a time. Number 87 Maida Vale recently broke new price levels for houses in the area off the Grand Union and Regent's Canals, selling for £870,000. And Beaucham Estates (01-499 7722) will soon be trying the market with a £1.84m new house and mews conversion on the corner site of Randolph Road and Randolph Mews, W9, a garden's distance from the canal.

The current owner bought the *site for around £400,000, picking* up an improbably elegant former Victorian electricity substation in the process. Handed to architects Michael Brown Associates that building and the house site are being turned into an impressive family home and mews house that will be sold either as a package, or separately.

Only one remaining!

YORK HOUSE, with 31 Edwardian scale flats standing in its own private road between Kensington Church Street and Kensington Palace Gardens, is about to come onto the market for £2.5m. Chestertons (01-262 5060) which is handling the sale *for* Wallabrook Properties, has only one vacant flat in the block. Five are fixed tenancies, 23 have been sold on long leaseholds, and the block's total rent roll is just £45,000 a year. But the appeal of the building is planning permission for a couple of 4,000 sq ft penthouses, and as one of the roof sites happens to be above the vacant flat, there is scope to create a 10,000 sq ft duplex penthouse suite on that side of the building if the buyer combined the space.

BROADWAY Worcestershire, appears so often in films representing the tourists' ideal of an English village that it comes as something of a surprise to see that people actually live there. Kylsant House, a four bedroom 17th and 18th century house in the village, gives an idea of the value of becoming known as a picturesque. Jackson-Stops & Staff at Chipping Camden (0386 840224) are asking £250,000 for the house.

Country Property

London Property

Country Property

Rentals

• PROPERTY •

John Brennan previews Chelsea Harbour, a new £100m 'village' on the Thames

Meet me down by the riverside

THE QUEUE for a home in Chelsea Harbour formed long before the old British Rail site at Chelsea Basin acquired its new name. As the wraps come off Town and City's 400-home residential and commercial development between the Thames and King's Road, contracts are already being processed and posted to more than 60 buyers for the 160 houses and apartments in the first phase of this two-year, £100m construction project.

John Anderson, the Town and City director responsible for the largest private housing development of its kind in central London, admits to some surprise at the response from people who have been writing for details since T. and C. acquired the 18-acre site last October for around £1m an acre. More than 400 people have been in touch so far, and what pleases him is that "there may be some dealers, but most of the buyers are owner occupiers, and that's who we wanted. We are looking for people to live there, which is why it is mixed use with small commercial studios, food shops, and restaurants. It is not like a private estate with a sort of fortress atmosphere. It is more like a village."

Advance buyers have snapped up the two, £150,000, one-bedroom apartments in the first phase, which will form a crescent of housing facing the marina which T. and C. is creating by Chelsea Creek. Two- and three-bedroom apartments are going for between £280,000 and £450,000, and so too are penthouses in the £450,000 to £750,000 range. The biggest of the river-facing houses will have price tags of up to £3m according to the joint agents, Hampton and Sons (01-493 8222) and Savills (01-730 0822). All the residential space is being sold on 125-year leases.

It really would be quite hard to go wrong with a development that has a half-mile stretch of river frontage linking Fulham and Chelsea. In this case, John Anderson took out insurance by calling in the consultancy team from commercial property surveyors Jones Lang Wootton to find out just what London buyers really do want. JLW and Hampton and Sons' research led to the adoption of the office concept of a "shell and core" option for much of the residential space. Just as office occupiers may choose to fit out the interior of a new building themselves, so early Chelsea Harbour buyers can either pick one of the designs on offer, or buy a shell property and have their own interior layout built in by the developers.

"Handling 400 different interior specifications would be a headache for the contractors, but the building design allows for it.

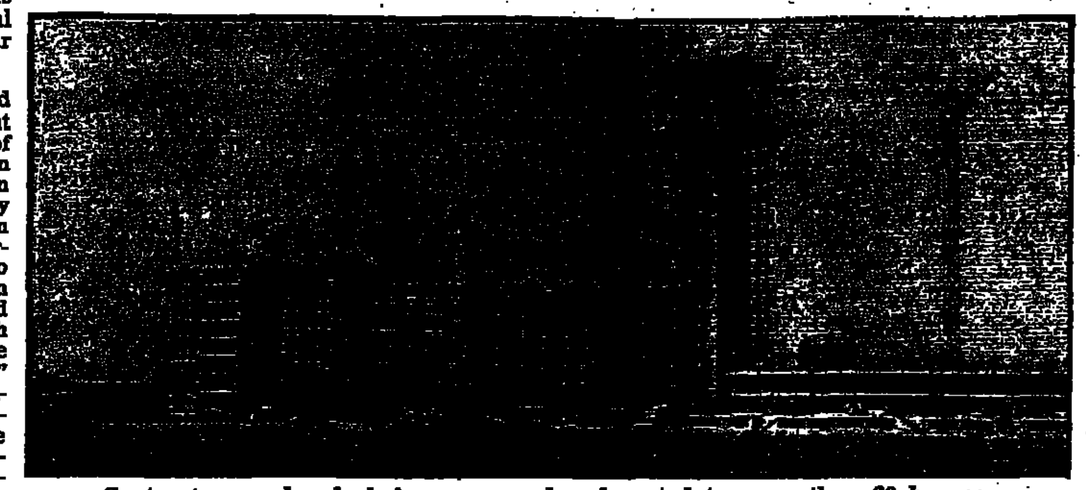
As John Anderson says: "We've really approached the whole of this like a commercial property development." Bovis, like T. and C., part of Sir Jeffrey Sterling's Peninsular and Orient group, is "fast tracking" with just as tight scheduling as any City office scheme. Having won Hammersmith and Fulham's outline planning competition last summer, the developers completed the site purchase only last October and managed to get detailed planning through in just four months. That was agreed on April 15 and, in the past few weeks, Anderson has been down topping out two of the commercial buildings on the site. By October 1988 the last builders should have packed up and gone.

Apart from the housing, the harbour will have an 80,000-sq-ft Covent Garden look-alike "Chelsea Garden Market" with shops, restaurants, wine bars and market stalls. A 60,000-sq-ft "Harbour Yard Market" will have small studio workshops, and there will be another 90,000 sq ft of small, leasable office chambers. There is also an hotel facing the marina, and Anderson explains that discussions are in progress with a number o[f] possible operators. The choice will determine whether it ends up as a 200-bedroom hotel, or a 100-suite apartment hotel.

There will be a 2,000-space underground car park on the site, and a road system that should stop Chelsea Harbour from becoming a short-cut for through traffic.

P & O lost its first joint funding partner when United Kingdom Provident Institution (UKPI) moved under the wing of Friends Provident. The £900m Globe Investment Trust provides a solid enough substitute.

Anderson will be letting prospective buyers in Hong Kong get a look at the scheme next month, and visitors to the next Boat Show in London will be able to see how Chelsea Harbour itself will look because that will be the centrepiece of the exhibition. Anderson himself has a sunnier image of the scheme to carry around. In the early 1970s he found himself selling as well as building Costain's Vale de Lobo estate on the Algarve at the time of the Portuguese revolution. "It was the mixture of uses there that made it work so well, and that's what we're doing here."



Contracts are already being processed and posted to more than 60 buyers

Rollover funding may help

BRITAIN COULD soon have its first specialist residential property development fund, writes **John Brennan.**

Consortiums of investors have been backing individual building and refurbishment projects across London for a number of years. Cash-rich partners of broking firms taking their latest tranche of buy-out money, and City traders making use of their transfer fees have been setting up *ad hoc* flat conversion projects managed by a number of the more development-conscious agents. Now, the private development company Warwick Balfour is in discussions that will take that idea a stage further.

At the moment, its developments are being part-backed by equity money drawn down on a project-by-project basis from a consortium of clients of an unnamed US bank (understood to be Citicorp). Warwick-Balfour director Richard Balfour-Lynn says that by using private equity, with a minimum stake of £100,000, it is possible to gear-up a development with bank borrowings to achieve a 20 to 25 per cent profit for the investors, plus notional interest worth a further 12 per cent.

Talks with the bank at the moment are designed to move from that building-at-a-time syndicate financing into a rollover of private investors' money for a continuing programme of development. Once that has been agreed, Warwick Balfour's backers will have created an effective residential development fund. The question that any investor would be asking is how Balfour-Lynn expects to be able to match previous returns in a market where the spectacular price rises of the past two years look unlikely to be repeated for some time.

Warwick-Balfour is rare, although not unique, among the residential developers in getting its funding sorted out in such a way that it does not have to gamble on a rising market to come out ahead. Robin Faber at Nairn Construction is another finance man turned developer who underlines the point that, with so much back-of-an-envelope development going on in London, buyers have to look behind the elegant wallpaper to see if that is the extent of the rebuilding work; and that anyone who contemplates investing money into a single London residential property now has to tread extremely warily.

Consortia of private investors have backed individual developments, but some companies are now seeking equity finance for continuing programmes

Faber, an accountant whose City time was spent at Peat Marwick Mitchell and at merchant banker Guinness Mahon, regards the residential market as "terribly amateurish." He thinks it has become too risky for single property investments and says: "There is a massive over-supply of properties built for rent, and, for the first time, agents are finding it difficult to let even prime apartments at good rents. Places have to be pretty exceptional to rent quickly—all the Big Bang people who came in and rented are deciding to buy."

If there are enough of those transfers from renting to buying, the big and growing stock of quality London flats could be taken up that way. But who knows? Robin Faber's comment on rental space is as subjective as every other view on the market. The only known point is that we don't know—and that doesn't make for confident tipping either way.

If investing in a single rental unit is less appealing than in the past, what about buying to convert for sale? Faber repeats the one product warning: "There are more developers around than there are development properties; and unless you have the contacts to be offered properties before they are on the market, you're having to bid against owner-occupiers who are prepared to pay because they underestimate the costs of doing things up.

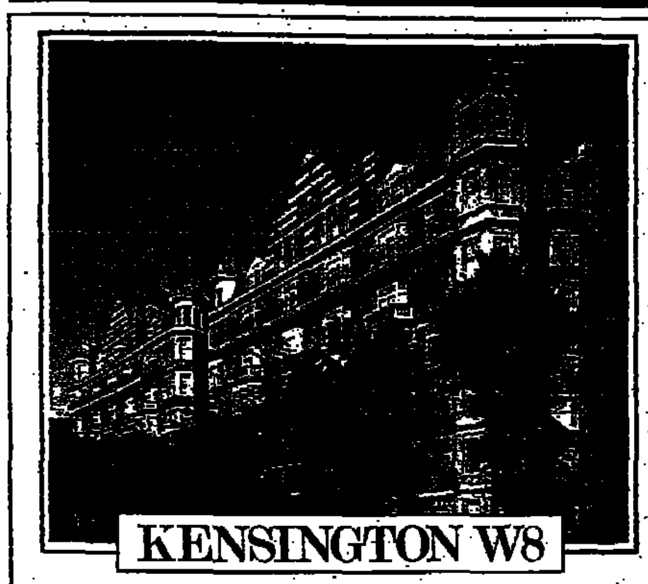
"It is no longer possible" he adds, "for a serious developer to do a project for under a quarter of a million pounds, and for that you would only have one property." In a buyer's market for luxury or near-luxury flats, he thinks that could be an expensive gamble.

Colonial freehold

A LITTLE bit of New Englan[d] has come to Horseshoe Ridge, S[t] George's Hill, Weybridge, Surrey. Builders Castle Eaton ar[e] just finishing work on a 4,000 sq ft, five-bedroomed house set i[n] an acre of grounds. It is the firs[t] colonial style property on S[t] George's Hill, which has mos[t] other architectural styles at the end of discreet drives on this 900-acre private estate. Owners of the mix of mock-Tudor Italianate villas, and "moderns" have an 18-hole golf course and a tennis and squash club to complement their own courts and games rooms, and the estate is just five minutes run from the A3 and 25 minutes from Heathrow or Gatwick around London's orbital M25.

Hampton & Sons' Esher office (0372-68411) are asking around £565,000 for the freehold house with 10-year NHBC guarantee.

London Property



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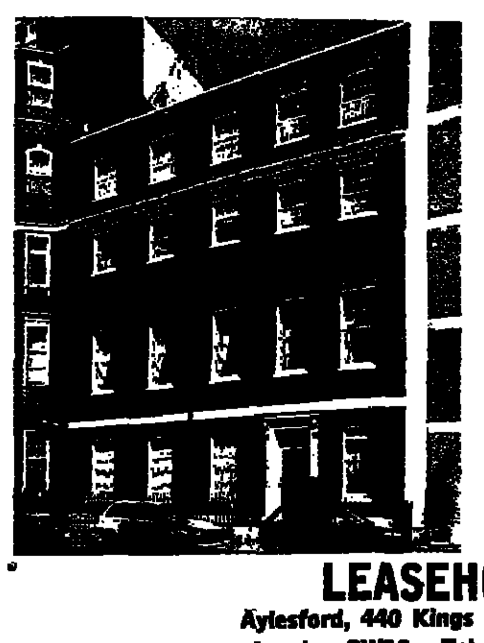

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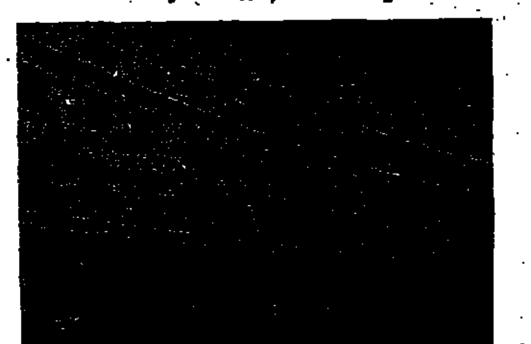

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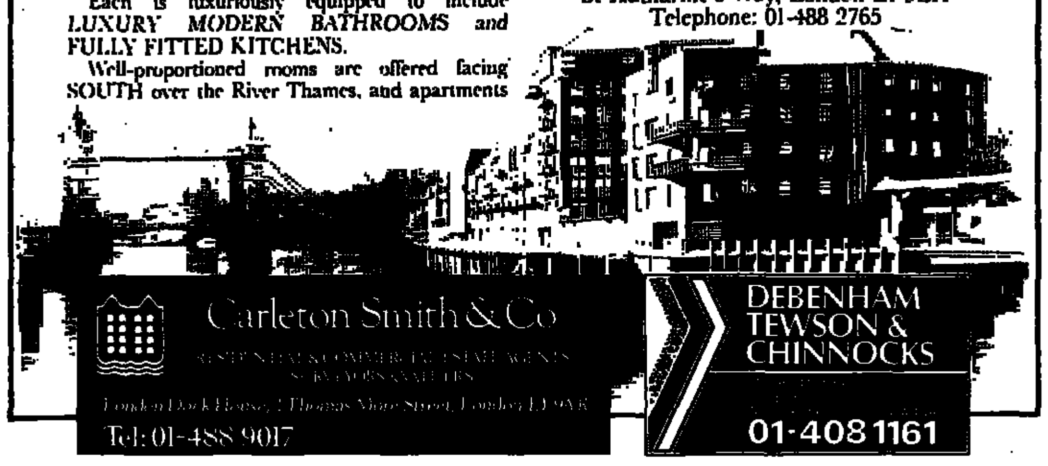

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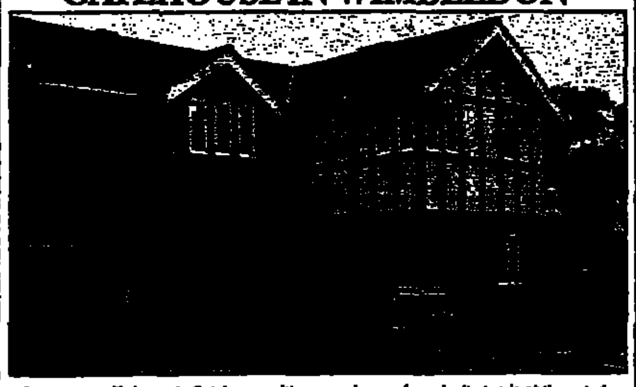

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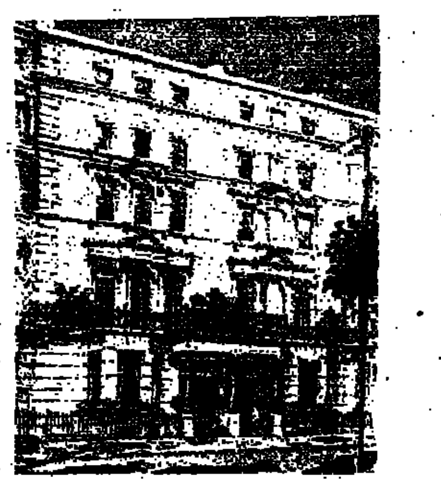

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Rich pickings in Spain

MALAGA airport is not the most pleasant place in the world to be stuck waiting for a delayed flight. Even on a Friday night in late September it looks like Heathrow on a bank holiday, as waves of pallid north European visitors collide with homebound hoards of newly tanned compatriots.

More than 9m tourists each season pack into the thin strip of land squeezed between the Mediterranean and the Sierras along the southern coast of Spain. Torremolinos for the cheap package trips, Marbella for the jet-setters, and the in-betweens scattered through a range of millionaire villas and tower-block apartments.

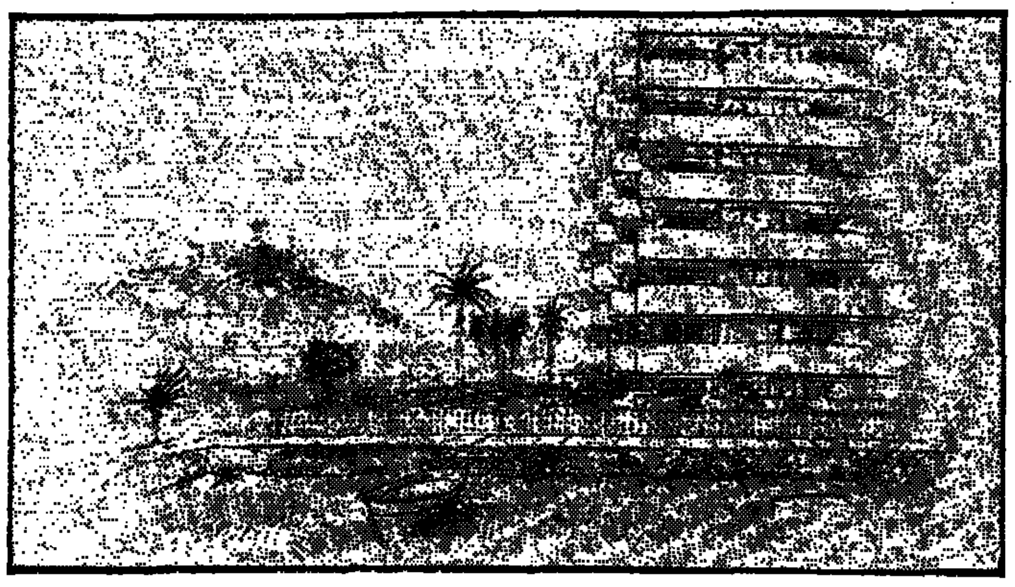
It is a captive audience which has provided rich pickings for property developers—offering a more permanent place in the 300 days of sun which cook the Costa del Sol every year.

The British have been settling on the coast for decades, revelling in cheap holiday or retirement homes and a low cost of living in the sun (and for a few bank robbers, a singular lack of bother from the police). Those days are over, however. Spain has joined the EEC, slapped 12 per cent value added tax on new building and 33 per cent tax on luxuries —including the vital car hire. Even the bank robbers are being evicted under the pressure of an extradition treaty with the UK.

But demand seems to keep on rising. It surged with the lifting of exchange controls in 1979 and has been fed since then with redundancy payments, profits from a surging stock market and relaxed capital gains tax. Now the "Hattersley Factor" has brought an even greater sense of urgency to the market, as buyers rush to get their money out of Britain in case a new government arrives to raise taxes and slam the door on capital exports.

There is no shortage of property to choose from. A forest of tower cranes along the coastline keep spawning apartment blocks of studio flats costing as little as £10,000 and hillsides are being carved up for villas worth anything up to £500,000.

The choice is made even more daunting by the complications of Spanish taxes and legal rules. Fraud has been rampant, with sunstruck tourists easy prey to the unscrupulous. Many buyers have turned to UK agencies, expecting more protection, but court records show that they are more likely to be gypped by a British accent than by a Spanish one.



An artist's impression of the luxurious El Rey apartment block at Fuengirola

There are now some big British names on the coast, such as Wimpey and Barratt, which cannot afford to be touched by such scandal, however, or their business and standing at home will suffer.

Put two British names like Sunley and Chestertons together and the security seems iron-clad. In fact, security seems to be a big selling point for the very swish apartment block called El Rey being put up by this newly-formed team of builder and agent at Fuengirola, about half-way between Marbella and Malaga.

Security seems to be a big selling point, and while the crime rate is remarkably low it probably pays to take a few extra precautions in the shape of shutters and guards, says David Lawson

Barred windows, steel shutters, security guards, video-entry phones, armour-plated doors and special locks will guard the new owners from outside perils. Not that there are too many perils on this part of the coast: the crime rate is remarkably low. There are no nearby bars or discos to fear, nor shops or other public facilities on the ground floor to let in outsiders.

But when you transplant a little bit of Mayfair onto a Spanish beach, it probably pays to take a few extra precautions. "We tell buyers they can have the bars taken off if they wish, but no-one has asked so far," says David Wood-Roberts, Sunley's head of sales on the projects.

"They know they can lock up the £5,000 or £10,000 worth of furniture they have installed and go home to Britain or Denmark or wherever and not worry."

Mayfair residents should be so lucky. In fact, they might consider it worthwhile moving out there and keeping a holiday home in the Barbican. For their £55,000 to £90,000 they would be buying two or three bedroom flats averaging a fairly spacious 1,200 sq ft, all marble-floored with fitted kitchens and sun patios overlooking the mountains and sea. And, as if to justify the name, El Rey (The King, in case your Spanish is rusty), overlooks a 10th century castle.

A pool, sauna and Jacuzzi pander to the semi-active; two nearby golf courses (at half-price membership of £300 a year) and the Lew Hoad tennis centre beckon the more active; and the prospect of ski-ing in the Sierras on the same day as baking on the neighbouring beach may attract the frenetic.

Speaking for the completely sedentary, however, my vote goes to the satellite TV, which means you never have to miss Dallas or Coronation Street again.

The prices are high by Fuengirola standards, but Mr Wood-Roberts says they work out cheaper per square foot than the smaller flats normal for neighbouring blocks, which in any case do not have the built-in facilities. They do not seem to have frightened off buyers, as about 25 per cent of the block has been taken before completion, and the levels are beginning to drift upwards by a few thousand pounds.

For those still counting the pennies, Sunley has guaranteed service charges at about £600 a year per flat for two years, helped by the £60,000 worth of solar water heating on the roof. Some interesting financial packages have also been put together by sales manager Mark Lawson, including a 75 per cent mortgage in sterling over 15 years at a current 12.5 per cent through Lloyds Bank in Gibraltar.

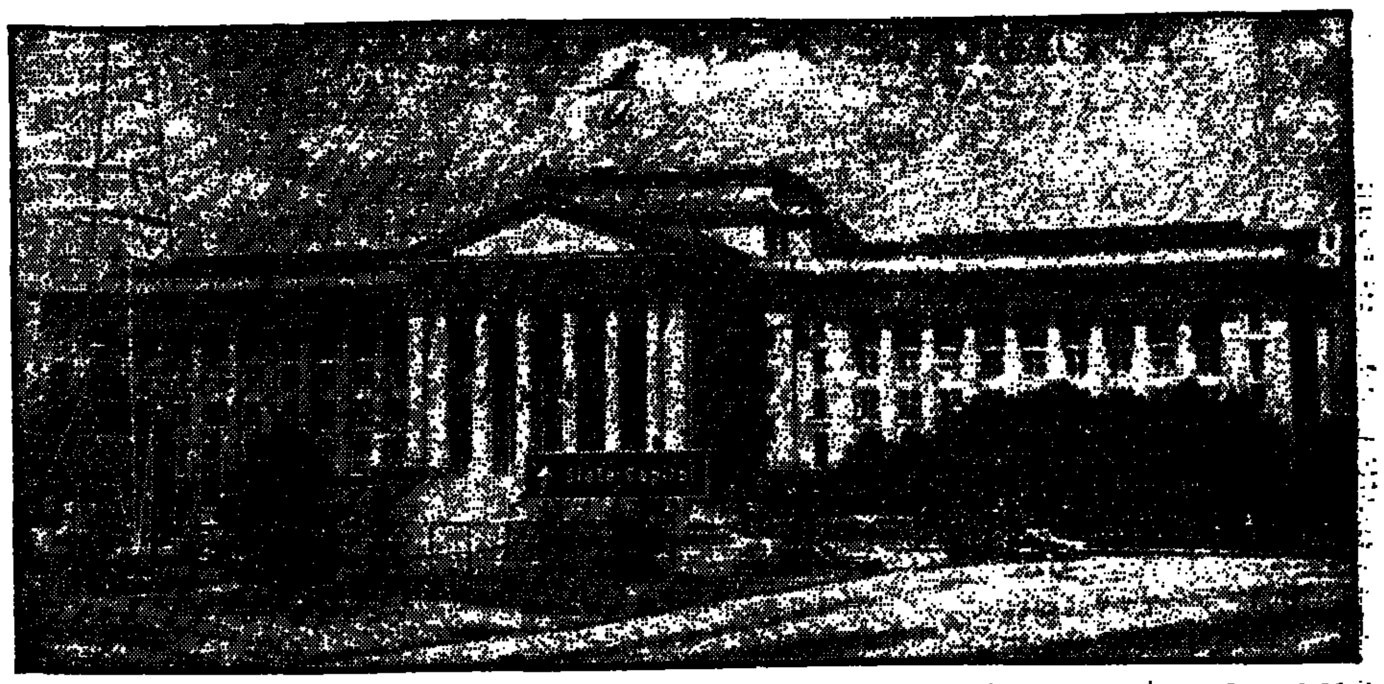
He is not actively marketing the idea, but the Rock can also be a useful channel for avoiding the 6 per cent sales tax in Spain, by acquiring an off-the-shelf company to buy property. This arrangement can be even more crucial when a property owner dies, as inheritance tax can be punitive. Widows have found they cannot sell their homes until they pay up more than 20 per cent of its value, and other relatives can be landed with a tax burden of more than half the value of a property.

Whether or not Sunley's buyers have come in via the Rock, none has taken up the finance package, which shows that there is still cash around for export to the Costa del Sol.

London Property

Oklahoma

Booming oil prices lulled Oklahomans into a false sense of security. The collapse has now forced the US state to return to the fundamental task of diversifying its economy



Oil literally underlies political power, with the State Capitol in Oklahoma City built on a working field

Transitory affluence fades

By Larry Klinger

OKLAHOMA'S rivers, most of which are supposed to be bone dry this time of year, swept over their banks after this month's unprecedented rains and swamped much of the state.

With initial estimates of damage put at $140m, at least 10 counties declared disaster areas. More than 15,000 people have fled their homes and much of the state's famous winter wheat crop is endangered, in a state already suffering possibly its biggest economic crisis since the great depression.

"I have never seen a flood that stretched from Harmon County in the south-west to Ottawa County in the north-east," said Governor George Nigh. "It will have a severe impact on our already troubled financial condition."

Yet, just as Governor Nigh and other officials were flying around the state trying to comfort the homeless and reassure farmers, some of the state's leading economists and top industrialists were displaying that kind of repose special to the south-western US.

They calmly but forcefully said that, while economic regeneration would be a "long haul" (a phrase which has become commonplace in the twin centres of Oklahoma City and Tulsa), the state could emerge stronger than it ever has been during its 90-year history.

Oil transformed what was a federal Indian Territory in 1889 into a state that, in times of high world energy demand, has been an *international force with* incredible, if transitory affluence.

The price boom, following oil shocks over the past 15 years, lulled Oklahomans into a security unwisely based on a one-commodity economy. Its other traditional mainstay, agriculture, has long been in decline.

Mr Douglas Fox, president and chief executive of the Tulsa-based Tribune/Swab-Fox publishing, energy and property group, tends to agree.

Tribune/Swab-Fox is rapidly attempting to diversify into areas as disparate as biotechnology and a proposed development at Canning Town in London's docklands. Mr Fox says it could be "the largest urban renewal project in the world."

"Back in the boom of the 1970s and early 1980s," Mr Fox said, "the Tulsa Chamber of Commerce was being discouraged to bring anyone in from outside the state. Unemployment then was 2.2 to 4.2 per cent. Nearly everyone who was employable was employed.

"It was not until 1985 that state leaders and the legislature realised that something fundamental had to be done. This also happened in the private sector. Everyone thought that oil would always come back, and that Oklahoma's prairie was still the world's breadbasket."

The boom was spectacular. People remember it fondly as a time when money did not matter. Immigrants to the state, while having literally to live in their cars because of a shortage of lodgings, were earning beyond their dreams.

Grand homes were being built and flashy imported cars being bought. Office towers were sprouting on the vast, flat reaches of metropolitan Oklahoma City just like oil derricks.

The collapse has been just as spectacular, and has whipped up a wildfire of change.

"Even late in the boom," said Mr Alexander Holmes, associate professor of economics at the University of Oklahoma, "you could borrow to buy a *$6m oil rig*. You could produce drilling contracts that would pay for the rig within three years. Everyone wanted you to drill on their property.

"Six months later, no one was drilling. It was economic wildfire. What should have been 30 years of economic change happened in six months."

The banks held the rigs as collatoral, but they were worth maybe 10 cents on the dollar as scrap.

The decline and even collapse of some of the state's bedrock financial institutions has been well documented, as have the state's record unemployment. It suffered net emigration for the first time in history, reaching 12,000 in 1984-85 and an additional 20,000 forecast for 1986-1987.

Office blocks costing $30m each are as much as four-fifths empty. State spending has been cut as reserves are exhausted, with this year's budget just managing to scrape through without a further serious reduction in services.

The oil and gas industry's record 1982 output of nearly $11bn is expected to sink to about $6bn this year. The state government's $4.5bn budget heavily depends on the industry's performance and it takes close interest in the convolutions of the Organisation of Petroleum Exporting Countries (Opec).

Yet even if Opec stabilises prices in a range of $14.50 to $15.50 a barrel, this would still be about a quarter below the *level this year's state budget* was built on.

The state may not have handled the oil boom as best it could, said Mr Larkin Warner, Professor of Economics at Oklahoma State University. But many long-term benefits still accrued. It will take some time for the economy to absorb the over-expansion of office and *industrial space, housing and* hotels, but the created capital is in place. In 10 years or so, Oklahoma will recall the period as a time when it significantly increased its capital stock, he said.

Meanwhile, there is cause for more immediate optimism. A wide range of opinion in government and industry suggests that the recession may be bottoming out. The latest encouraging sign was an increase in employment last month in industrial sectors unconnected with the price of oil.

But the state must still widen *its economic* base, *diversifying* away from energy and agriculture.

"We are in the process of coming up to a full service for a state economic development policy," Mr Warner said.

These views are supported by a flurry of activity throughout the state. For example, Governor Nigh has reorganised state agencies into stronger bodies to promote trade and attract industry from elsewhere in the US and abroad. Many chambers of commerce are being strengthened, often with experienced personnel hired from out of state. The state legislature has approved tax incentives for business expansion and ventures which create jobs.

Both the main candidates in the election to succeed Governor Nigh are committed to economic planning and development. Leaders of industry are taking an increasingly active public role in promoting *the state as a place to do business.*

The population as a whole appears to be rallying round these initiatives and specially Governor Nigh's highly publicised campaign to attract capital and business, especially foreign investment. The campaign, which is being co-ordinated abroad by London-based merchant bankers Morgan Grenfell, stresses the state's advantages of central location, good transport, low tax-base (including the new five-year property tax exemption linked to job creation), cheap energy and a skilled labour force.

A study by Price Waterhouse of Oklahoma's tax structures in relation to eight other states in the region concludes that Oklahoma's "provide an incentive for attraction, retention and expansion of business enterprise. Sales, property and franchise taxes in Oklahoma are considerably below average."

On the labour front, not only has the collapse of the boom made available a pool of skilled labour, but business executives testify to their workers' skills and productivity.

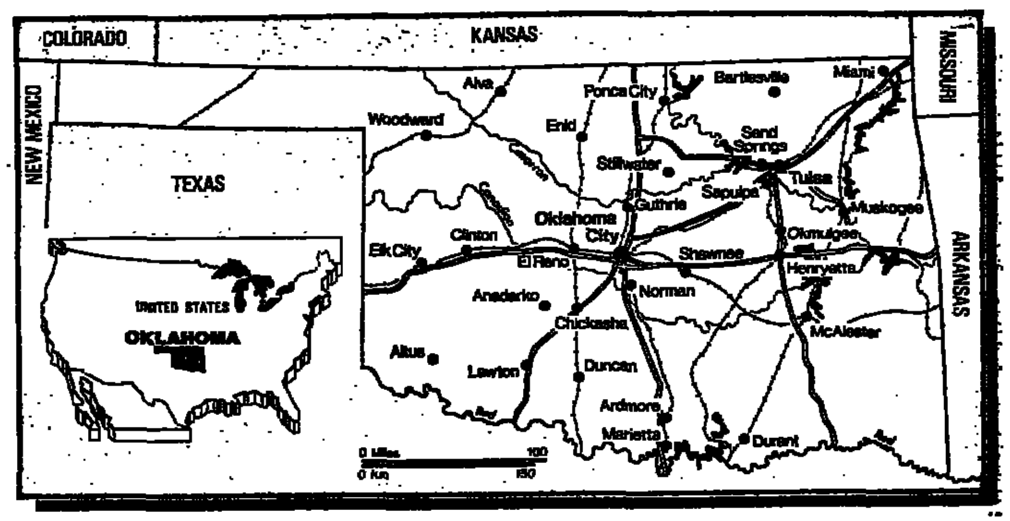
In the area of vocational and technical training, the state's Votech programme is reckoned to be the best in the nation. A recent unpublished survey commissioned by the state, in which training chiefs in all other states were asked to list which they considered the best, Oklahoma received 38 first places, with its nearest competitor receiving only 21.

On the question of low energy costs, reports by Banks of Mid-America and the state's Department of Commerce indicate that, of the nation's major cities, Oklahoma City and Tulsa rank first or no lower than third in all the categories surveyed.

It will be some time before it can be said unequivocably in the words of the old song: "You're doin' fine Oklahoma." But there are still a lot of people that believe "Oklahoma's OK."

Basic Statistics

Population: 3.3m
Income per head: $12,232 pa
Civilian labour force: 1.6m
Unemployment rate: 9.2%
Capital: Oklahoma City
Largest Cities:
Oklahoma City 403,213
Tulsa 360,919
Lawton 80,054
Norman 68,020
Enid 50,363
Corporate income tax: 5%
Franchise tax on capital property:
$1.25 per $1,000 (min. $10, max. $20,000)
Sales tax: 3¼%
Tourist revenue: $1.8bn
Research: Rivka Nakoma.



Contents

Politics

Shift away from grassroots

OKLAHOMA will know on Wednesday November 5 whom it has elected as its leadership for the next four years. However, whether the voters' choices will make any real difference on the future direction of the state is a moot point.

Most of the politicians standing for key executive posts share many views, and the legislature will continue to be dominated by the Democratic Party.

Nevertheless, the public pollsters believe the voters are particularly volatile this year, and the Election Board predicts the turnout at the polls will be heavy. So the weight of political power could shift further away from grassroots level towards the capital.

There are already indications that some change is being sought by the electorate, which has been preoccupied since the collapse of the oil boom earlier this decade by declining prosperity. The voters appear to blame this on lack of foresight among the incumbent leadership.

In the primary polls, half the 24 state senators up for re-election were eliminated, either by the voters or by the senators withdrawing from the fray.

The Republican Party, only on the political map since 1962 when Mr Henry Bellman became the state's first Republican governor, can be expected to gain new strength.

Mr Bellmon, who served as US Senator between 1968 and 1981, is again attempting to become Governor. If, as the pollsters predict, he wins, and his fellow-Republicans make significant gains in the state's Senate and House of Representatives, the party could at last be on its way to becoming a real political force in Oklahoma.

Oklahoma is a conservative state—an Oklahoma Democrat is often much further to the right of a Republican from the north or north-east US. This explains why Oklahoma, like many of its neighbours in the south-west, elect Republicans to the national government.

Since Gen Dwight Eisenhower in 1952, Oklahoma has always given its presidential vote to Republicans with the exception of President Lyndon Johnson. His key to the Oklahoman heart was that he was from neighbouring Texas.

The state's real political spectrum, while narrow, is contained within the Democratic Party itself. There are many would-be Republicans who are registered Democrats in the knowledge that often their only chance of affecting who will be elected is to vote in the Democratic primary on the person to stand in the general election.

Moreover, the politics which really count are at grassroots level. This involves local officials who deal directly with the voters' daily quality of life, and state-level politicians whom they think can best affect policy and funding which will benefit the local community.

The same can be applied to candidates for federal office. Foreign policy, for example, is often of little concern to the voter except when it involves, say, Oklahoman wheat or oil prices. The voter knows that whoever is elected will concentrate on local issues—otherwise, he will not last longer than a single term.

The real interest centres on whether the electorate will continue to shake up the old guard, and, on the contest for governor. This office has grown in stature among the voters as their oil-protected state has been forced increasingly to deal with the wider economic world.

Mr George Nigh, the only Governor to have carried all the state's 77 counties, has had to step down because, he cannot serve for a third consecutive term. The choice now is between an elder-statesman figure, Mr Bellmon, aged 65, and a man almost half his age and with no experience of top elected office, Mr David Walters, aged 34.

Even here, the campaign seems more a clash of style rather than one of substance, judging from what little the two say in public. Mr Bellmon is for level-headed experience to guide Oklahoma through troubled times, and Mr Walters is for a fresh approach to the same problem.

Significantly, however, both have been deeply involved in business and are pledged to support economic diversification involving the best incentives for promoting new industry.

Real differences lie in whether taxes will have to be increased to finance state expenditure, which on present indications cannot be increased next year and may even have to be cut. Figures for September show that, while state revenue was enough to meet this month's payments to state agencies, it was still 13 per cent below September last year.

Mr Walters says he will not propose tax increases but will raise $30m from private industry to finance the state's involvement in business expansion. Mr Bellmon remains cagily "flexible," maintaining that tax rises can be considered only after everything else is done to eliminate waste in government spending.

End is nigh for top traveller

Profile: Governor George Nigh, a travelling salesman for the state

AS LAME ducks go, Mr George Patterson Nigh has kept moving faster than most. Even his critics agree that, while the governor has long been aware that he could ease up since he must give way to a new man at the start of 1987, he has remained almost indefatigable in working for Oklahoma's economic regeneration. He has travelled the US and the world to promote Oklahoma as a good place in which to do business.

"I have made several trips right up to the end of my administration to try to assure the next govenor it is the right thing to do," Governor Nigh said on his return earlier this month from his most recent mission, to London with a 50-strong trade delegation.

"I want Oklahoma brought into the global market," he said.

While many of the state's top business leaders applaud his efforts, Mr Nigh's trips to such places as Japan, China and India have drawn considerable flak from the state's conservative grassroots, where globe-trotting can be regarded as simply glamourous rather than necessary.

Mr Nigh deflects this criticism by consistently pointing out that, rather than burden the state's already hard-pressed finances, his missions have been in the main financed by private-sector contributions of more than $1m. His initial London press statement announced matter-of-factly, but prominently: "The Governor's expenses will be borne by private funds."

On the assertion that these high-profile efforts might be unnecessary, he is downright combative: "My conviction, is that Oklahoma was not doing better because, although we are fiercely poud, we have not been aggressive in promoting ourselves.

"There is an adage that, if you build a better mousetrap, the world will beat a path to your door. That is nonsense. The world has got to know you have that mousetrap."

He believes that one of Oklahoma's biggest encouragements for business to settle in the state—its central location—has also kept it insulated from the knowledge that it must diversify economically with outside help.

"Perhaps my single most important contribution as Governor may be judged years from now that I opened Oklahoma to the world," he said. "We have not had a lot of foreign investment, and it is mainly because we have not tried to get it.

"We have the location, the industrial livestock, the advantageous tax base, the skills, the weather. The only thing we don't have is an outside awareness of our state. People don't know we are here. It is America's best-kept secret."

Mr Nigh, aged 59, is prevented by law from standing for a third four-year term, but is the only Oklahoman governor to have been elected for two consecutive terms. He was a high-school teacher before entering politics in 1950 as the youngest-ever member of the state's lower House, and subsequently served three terms as lieutenant-governor.

He has also been in business, running his Oklahoma City public relations firm. He is married with two grown children.

Governor Nigh couples his goals of trade promotion and the securing of foreign investment with attempts to strengthen the powers of the governor's office, which is traditionally weak relative to most other US states.

In the spring Mr Nigh realised an ambition with the introduction of a cabinet system of government, under which the governor can appoint heads of state agencies rather than having them led by elected officials.

The aim is to promote the governor's role as chief executive. Because of the state's pioneer, populist tradition, this had not yet been achieved, Mr Nigh said.

"While Oklahoma has always had a governor, many of his programmes have been run by people who were almost co-equal. Today, the Governor of Oklahoma can speak with a stronger voice. He will be even stronger in the years to come."

Nevertheless, he admits that the only certainty in Oklahoman politics is that, from January, he will no longer be in charge, at whatever level of power. And, while allowed to stand again for the governorship in four years, he refuses to be drawn on his plans.

People who are close to Governor Nigh feel he could remain in politics, given that he seems to thrive on high-level policy making. For the moment, though, it seems likely that he will resume teaching.

He also is expected to continue to travel extensively to promote Oklahoma, while possibly joining some company boards as consultant on trade matters and economic development. He is also understood to be planning a book based on his career in politics.

Economy

Penalty paid for oil boom

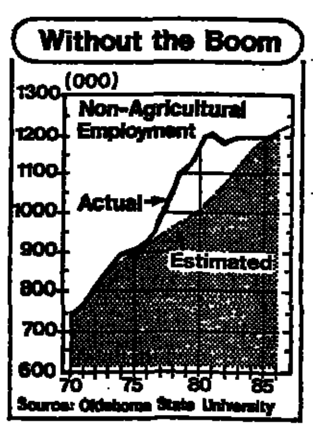
REPORTS filling last Saturday's front page of the business section of the Oklahoman & Times newspaper summed up the state's economic situation: doom and gloom but some further hope that better times may be on the horizon.

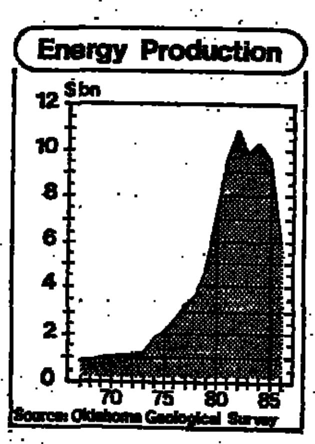
The first said the position of the state's savings and loan institutions, (the US equivalent of Britain's building societies), may be the worst in the region. A survey by the Federal Home Loan Bank of Topeka, Kansas, showed that 63 per cent of the Oklahoma companies involved recorded net losses for the second quarter and, worse, reported an aggregate operating loss of $19m on their core business.

In the second piece, Oklahoma City's commercial building rate is reported as continuing to rise. A survey by The Sweetser Company, one of the larger commercial estate agents in central Oklahoma, showed that the position in all but one area of the capital had deteriorated. Business, industrial, office and retail vacancies in the major commercial districts stood at 26 per cent. Sweetser expects the trend to continue.

Another story said the Waterford Hotel, one of Oklahoma City's luxury showpieces, had to be sold after failing to pay its mortgage debt.

But spread across the top of the page was the news of a big drop in the state's unemployment rate to 8.3 per cent last month from August's record 9.3 per cent. The figure is still well above the 6.8 per cent national rate and the 6.6 per cent in the state during the same month last year, but indicated in part to greater employment in several sectors of industry. It is a welcome bucking of a trend that depressed Oklahomans have been living with for several years.





Snatches of good news such as this are prompting the state's leading economists and industrialists to suggest that Oklahoma's most serious recession since the 1930's depression might be bottoming-out.

It also brings hope to those looking for a sign of economic regeneration separate from the fortunes of the oil industry.

In the mining sector, more than 95 per cent of which involves oil and gas production, some continued their long-standing decline in September shedding a further 3,600 to their lowest point for more than 20 years.

Economists such as Prof Alexander Holmes of Oklahoma University and Prof Larkin Warner of Oklahoma State University have pointed out that the recession is relative only to the oil boom. The state's economy is at the point where it would have been anyway if there had been no oil.

The oil price booms of the past 15 years were possibly the worst thing that could have happened to energy-based Oklahoma, diverting it from its central need to diversify while raising economic expectations to unrealistic levels, they say.

For example, the number of jobs today is in line with forecasts made long before the energy boom.

Prof. Larkin believes that the state has already "taken the worst of the beating" in oil and gas production, related manufacturing and in farming and agri-business reeling from depressed world prices.

"We are probably down to about 50,000 people in the oil patch, and that is probably where we should be," he said. "We are also at about the same acceptable level on the farms.

"Though the statistics show about 80,000 jobs, most of these people have city jobs which allow them to continue to farm on the side."

Nevertheless, the shake-out resulting from the oil price decline has been significant—in wages, in property values, in the ability to keep up mortgage repayments, in savings and pensions related to energy royalties.

If the Organisation of Petroleum Exporting Countries (Opec) can firm up an agreement to stabilise the oil price at more than $15 a barrel, Oklahoma's finances can probably hold up without further serious cuts in public services. Even then, however, the state must diversify, Prof Holmes said.

"But if Opec falls apart, then we are again in terrible shape," he added.

About half of the state's $4.5bn budget is financed by taxes on oil and gas production, energy-related personal income and retail sales.

Over the past two years, it has had to make big savings on staffing and reduced expansion, while cutting back on services and drawing on reserve and savings funds.

This year it is barely scraping through because of the recent rise in oil prices. Officials are resigned to a budget next year no greater than this year's and possibly less. A renewed downturn in the oil price would make matters worse.

A circuit pack being assembled at AT&A's Oklahoma City plant

Industry

Welcome for economic crash

FOR THE multinational high-tech industries in Oklahoma, and for some local companies *who had the prescience to* diversify out of energy-related manufacturing, the state's economic collapse has been almost as good as its boom.

Executives of some top-flight companies are not only basking in Oklahoma's ample sunshine: they are also swimming happily in a growing pool of skilled labour unpolluted by any widespread demand for higher wages.

Mr George Bragg, chairman and president of Telex Computer Products of Tulsa, says: "Oil and gas do not impact on us. We look at global markets, not just at Oklahoma. A weak local economy can be a good time for a business such as ours."

Mr Bragg and other top industrialists stress they are not being cynical. They believe that the recession will eventually be to the benefit of the entire state.

The effort to diversify and create new industry will succeed because there is no acceptable alternative, they say. The Oklahoman workforce *will accept the necessary* belt-tightening and provide the productivity for the state to succeed in rebuilding its economy.

They also believe, with reservations, that the worst of the recession may be past. And they are putting their corporate money where their mouths are.

Telex, which, after losing heavily about 10 years ago in computer peripherals, is once again one of the fastest growing companies in the US and only this month dedicated a new $35m Tulsa plant as part of its $100m expansion programme there. The plant will produce some of the company's new products, *including its first* traditional micro-computer.

Mr Bragg says Telex's move to Oklahoma from California was because of the state's cost advantage. In Tulsa, the turnover in personnel is 6 to 7 per cent a year against Silicon Valley's 30 to 35 per cent. "We were basically losing everybody we had every two-and-a-half years," he said.

"We have a 15 per cent cost advantage over the West Coast or the Boston area. With the kind of people we have in Oklahoma, productivity increases if you invest in them. There is *also* about a 15 per cent gain in profitability for doing the same thing."

Leading Oklahoma Companies

	Headquarters	Revenue $m	Employees	Sector
Phillips Petroleum	Bartlesville	15,676	25,300	Oil and gas
Fleming Companies	Oklahoma City	7,095	15,600	Services
Kerr McGee	Oklahoma City	3,345	8,351	Oil, gas, chemicals
Williams Companies	Tulsa	3,139*	5,800	Oil and gas
Mapco	Tulsa	1,907	5,197	Oil and gas
Oklahoma Gas and Electric	Oklahoma City	1,030	4,196	Utilities
Wilson Foods	Oklahoma City	1,880	6,000	Food products
Oklahoma Publishing	Oklahoma City	450	4,000	Newspapers
CR Anthony	Oklahoma City	430	3,000	Retailing

* Operating revenue.

Research associate: Rivka Nachoma.

The future in Oklahoma was going to be far better for most companies. There already was a good cadre of companies in Tulsa such as airlines, information, software. "There will soon be a critical mass," he said. "Tulsa has a great future in medical research, data-processing and information."

Hilti, the Liechtenstein world leader in the manufacture of fastening systems for the construction and steel industries, also sees "nothing negative" being in Oklahoma. Mr Georg Rosenbaur, president and chief executive of Hilti's Tulsa headquarters for its north and south American operations, says the economic situation, "while possibly bad for the local community, is fantastic at the moment from our own point of view."

Hilti, which set up in Oklahoma about seven years ago, is also involved in a $5m expansion programme to triple its office space. And Mr Rosenbauer encourages new companies to move to the state. "There are many advantages—available land, offices, housing, and skilled labour."

Every advertisement Hilti places for professional or managerial staff produces 50 responses from good applicants. "It is uncomplicated. We can hire locally. During the energy boom back in 1980, Tulsa even *had to import machinists,*" he said.

Hilti decided to locate in Tulsa after a survey of 10 US states. Oklahoma was not first on Hilti's list — "I think it was third," said Mr Rosenbauer — but the company chose Oklahoma because of an intense courtship by state officials, particularly Governor George Nigh.

And, says Mr Rosenbauer, "*the follow-up was as good as* the promises." For instance, the state's federal officials smoothed visa applications for managers, while four local school heads turned out on a Saturday to talk with company employees moving in from Cleveland, Ohio.

Hitachi, the Japanese industrial group, is among the newest of Oklahoma's recent arrivals. Like Hilti, it attributes much in its decision to build a manufacturing plant in Oklahoma to the efforts of state and local officials.

Mr Shiro Takemura, president of Hitachi Computer Products (America), said his company *had surveyed many* "good" places in the US for its $9m plant to manufacture computer disc-drives. It decided on Norman, south of Oklahoma City, after being convinced by the "eagerness" of Oklahoma to do everything to help.

Hitachi also placed emphasis on "character, hard work and diligence," in the work force. Mr Takemura regretted that *many young people in Japan no* longer seemed willing to work on the shop floor and sought only managerial jobs.

He also compared Norman's land prices of Y2,000 per tsudo (3.3 square metres) to those in Japan (Y150,000 per tsudo) and praised Oklahoma's five-year property tax exemption for projects that created jobs. State officials say this could be worth about $138,000 to Hitachi on current plans and possibly more than $275,000 if, as Hitachi has indicated, it doubled its investment to $18m.

Hitachi was also attracted by the state's Votech training programme, which provides free *training facilities, instructors,* textbooks and video material. Mr Takemora also said the speed with which Oklahoma had printed the training materials would have been almost impossible in Japan.

The last time AT&T hired on a large scale, in 1983, it had 8,000 applicants the first day, said Mr Ed Beltram, human resources manager for AT&T's Oklahoma City works.

AT&T has been in Oklahoma City since 1950, and expanded after the great US telephone industry deregulation and reorganisation of 1984. It praises workers at the network and computer systems plant.

Mr Beltram says that this productivity "has during the past two years reduced the cost going into our product against the US standard by nearly 50 per cent in each year."

In 1984, the plant produced 2.4m lines of telephone service, in 1985 it produced 6m and this year is expected to produce more than 7m. "This has happened without anyone added to the workforce since January 1984, when it was 7,000. It is 6,400 now because we have not had to replace anyone leaving," he said.

The plant has been rebuilt on the inside and this year AT&T is spending $36m to keep its operation "on the leading edge."

It has also launched a "Buy it in Oklahoma" campaign with a commitment to increase its planned purchases in the state by $2m to $34m in helping develop Oklahoma's high-tech economic base.

Banking

Confidence in system shaken

OKLAHOMA is one of the front line states for regulators trying to maintain confidence in parts of the US banking system which have been hard hit by the collapse of world oil prices.

The state's heavy dependence on energy-related businesses and agriculture have taken a toll on local banks and Mr Leonard Eaton, chief executive of Bancoklahoma Corporation, says local financial institutions *are facing the most difficult* economic challenge to hit the region in half a century.

The impact of Oklahoma's problems is evident in the balance sheets of the local banks. Banks of Mid-America, the biggest local banking group, lost $34.8m in the first half of 1986; Bancoklahoma Corporation, number two in the state, lost $94.5m; and First Oklahoma Bancorporation, which had to be *bailed* out by a *government*-backed rescue three months ago, lost $111.7m.

Dividends have been omitted, managements have been reshuffled and local depositors have *become* increasingly nervous. This has forced a number of local banks to borrow heavily from the local federal reserve bank. There have been on or two runs on local banks —one of which caused a traffic holdup in the centre of Tulsa—and bank regulators are conscious that events have shaken confidence in the local system.

It is just over four years since the collapse of Penn Square *Bank of Oklahoma City signalled* that all was not well with some of the banks in the US oil patch. None of Oklahoma's current crop of banks can be blamed for the sort of aggressive energy lending which led to the collapse of Penn Square. Nevertheless, the state's heavy *reliance* on energy-related business, real estate and farming has meant that several are suffering, and both local and federal banking officials are working hard to maintain confidence.

Top Bank Holding Companies ($m)

Bank	Assets	1985 net income	% change on year	Shareholders' funds	Non-performing assets	As % of total loans	Net charge off	Reserve for loan losses
Banks of Mid-America Inc.	2,412	13	+15	186.0	97.0	5.41	30.5	40.6
Bancoklahoma	3,076	6,146	−69.3	163.9	115.4	5.72	31.1	33.1
First Oklahoma Bancorp	2,132	(66.6)	−221.5	81.5	156.2	12.4	74.1	41.4

Research associate: Rivka Nachoma.

Probably the most pressing problem has been the need to inject extra capital into the local system to cushion local banks against the heavy losses many face. To this end, in May, Oklahoma passed an interstate banking law permitting the acquisition of Oklahoma banks and holding companies by out-of-state banks.

The law allows non-Oklahoma banks to acquire failing or failed banks immediately and from July 1 next year it permits any bank from outside the state to take over a local bank. However, the law came too late *to prevent* the collapse of the Tulsa-based Bank of Commerce and Trust Company.

It *is* one of several local banks to close their doors this year. Fortunately for the local customers it was taken over by First Tulsa, part of Banks of Mid-America, the state's biggest banking group.

Mr J. W. McLean, chairman of Banks of Mid-America, says in his second quarter report that his group's acquisition of Tulsa Bank and First National Bank and Trust Company of Norman, shows that "banking solutions in Oklahoma need not necessarily be in the form of interstate banking."

While Banks of Mid-America *is stronger than most rivals,* its financial resources are limited. As local banks have shown signs of failing because of non-performing loans, regulators have had to look elsewhere for help.

On July 15, regulators allowed First Interstate Bancorporation, an aggressive Los Angeles-based group, to take over the First National Bank and Trust Company of Oklahoma City, one of the oldest and proudest local banks, with assets of $1.6bn. This was the second biggest bank failure in US history and in order to persuade First Interstate to come to its rescue, federal regulators had to pay First Interstate $72m and take over $418m of troubled assets.

This might have seemed a high price to pay but when Bancoklahoma Corporation, the state's second biggest banking group, ran into difficulties a month later, regulators decided that they would inject extra capital into the troubled group rather than arrange a hasty marriage with another out-of-state bank.

On August 15, the Federal Deposit Insurance Corporation (FDIC) and Bancoklahoma Corporation agreed to a $130m assistance package. The FDIC injected $90m of preferred stock and $40m of capital. It also agreed to merge its two main banking *subsidiaries* and refinance its borrowings with a group of commercial banks. If the group's financial situation deteriorates further, the FDIC will end up controlling most of the main assets.

Immediately prior to the rescue package, the group's Bank of Oklahoma in Oklahoma City was borrowing $159m from the Federal Reserve and the Bank of Oklahoma in Tulsa was borrowing $218m.

Moves such as these underline the heavy financial cost that the problems in Oklahoma are putting on both the local banking community and federal regulators.

William Hall

University of Oklahoma

Norman conquests raise spirit

WHAT the city of Norman knew but wanted to be reminded about was printed in crimson above the title of Sunday's newspaper: "Oklahoma 56, Kansas State 10."

This clean, green, leafy city of 80,000 about 20 miles south of Oklahoma City, embodies much of what is excellent in America's hard-working heartland.

It is also the home of the University of Oklahoma, and, to gain an understanding of a Mid-American state, one could do well to start with its central university, where thousands of the state's young people from a wide cross-section of society are living intensely in the present but aware that they are preparing for an uncertain future.

It would also help to bone up on the university's American football team, often the single most-visible catalyst that binds the people of a state together.

"Let's get this right," said an out-of-work oilfield worker as he queued for a hot dog in Memorial Stadium, where he about 72,000 similarly minded people were gathering to watch Oklahoma trounce Kansas State. OU had been ranked top in the nation until the previous week's loss to second-ranked Miami but was still listed sixth, and Kansas State had about as much chance of winning as an Oklahoman had of getting $50 a barrel for his oil.

But the stadium was sold out, and down on the streets of Norman the touts were asking $175 for a pair of not-very-good $20 seats for next week's game against the University of Texas, which was also expected to lose heavily.

"Football in Oklahoma is not King, but God," said the oilman as he reached for the mustard pump. "Have you noticed that this stadium s higher than any other thing on campus. That is not an accident. We build monuments to the things we revere."

Dr Frank Horton, the university president, would agree, with some reservations and a tinge of regret, on the dominance of the sport.

"Football is the thing that binds us together," he said. "It gets the university's alumni back. The spin-off to the university's serious projects is enormous. People often contribute for emotional reasons, not the intelectual ones."

Around Dr Horton, in Oklahoma Memorial Stadium's priviledged midfield lounge seats, sat middle-aged members of established banking and successful oil, together with a clutch of award-winning students wearing campaign buttons on their dark, neat suits for Republican candidates in the forthcoming state elections.

Overhead, circling airplanes were trailing similar messages for both Republicans and Democrats, along with where to buy a Buick and where to get a steak or Cajun seafood after the game. Whenever 72,000 people are gathered together in a state of only 3.3m, it is no bad place to advertise.

"This year Oklahoma will be on network television five times, with an audience of maybe 30m," Dr Horton said.

"What I am concerned with is the 30-second spot during the game on national television.

He was working on the university's 30 seconds for next month's nationally televised Nebraska game. This would be in conjunction with the launch of the university's $100m fund-raising campaign to coincide with its centenary. It was founded in 1890, when the state was still only frontier territory.

"While we are pleased to reach so many people, it is unfortunate that we have only 30 seconds. The university is so much more than just football. Not only does it educate the people's children, it can help solve problems for the state and local communities. For example, its planners and architects can help redesign their downtowns.

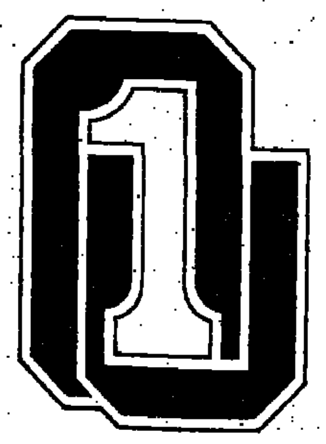
"The university is a Mother Hen. The people adopt it. They like to be associated with what they see as a fine education. They like their tax money to go towards upgrading their lives."

The university, like almost every other institution in the state, private as well as public, is also heavily involved in the attempt to wrest Oklahoma out of its economic crisis. It has just established the Office of Business and Industrial Co-operation to provide a window on OU's services, such as business planning and advice on marketing and the raising of capital.

The office is also designed to help attract industry to the state. Some services are free, if information is already available, but can also be on a contract basis if original research is required.

The university is also expanding its medical research activities under a new University Research Organization to test drugs and medical and dental devices and develop a centre for pharmaceutical research.

"Despite the lack of sufficient and stable state funding for research, the university now brings in almost $50m annually from funded grants and contracts," says Dr Horton. "That's our economic worth in research alone, leaving out any multiplier effect. Its clean industry and it brings bright people into the state."



The football team's "No. 1" sticker

Down on the field, the university was parading some more of its statistics. There was a tingling announcement over the public address system —"Ladies and Gentlemen, the 1986 Pride of Oklahoma!—and the 304-strong university marching band entered the arena, belting out its Boomer-Sooner fighting song.

There were dozens of marching flags, hundreds of crimson and white balloons soaring into the air out over the flat stretches of Norman, pom-poms quivering over their cheerleaders and, among it all, the darting in and out of the Sooner Schooner, the team's mascot, a covered wagon drawn by white ponies.

The excitement was enormous but palatable. It was mid-American enjoying itself, family-style. The band launched into a pulsing arrangement of the show-tune Oklahoma, and nearly 72,000 people (less the relatively small K-State contingent) were on their feet, rocking the stadium with thunderous applause.

Americans, especially mid-Americans, are prone to leap to their feet whenever they like something or are excited, and when these emotions are combined, as on "Game Day," there is almost as much leaping up and standing as there is sitting down.

Earlier in the day, in the ballroom of the university is student union, 300 alumni—no doubt some of whom figured prominently in the game programme's 20 pages of tightly printed donors to various university projects—were, after downing a big prime-rib lunch, on their feet a lot.

They gave a standing ovation to Segrid Zhang, a student from Peking, for a ripping performance of the Voices of Spring aria from Johann Strauss's Die Fledermaus. Another came for the medley of tested show-stoppers performed by the Broadway Gala, a university glee club and orchestra which, in addition to US-wide engagements, regularly tours Europe under the direction of Professor Irv Wagner.

Dr Wagner told the alumni that they often read in their newspapers the bad things that happen at university. But today they were seeing the good things, from working with "these fine people" standing in front of the footlights. He wanted to end the show with something "a bit patriotic."

This turned out to be God Bless America and the Battle Hymn of the Republic, and the alumni were on the feet again, where they remained, clapping, for a reprise of Oklahoma itself.

President Horton made an appearance and told the alumni that what they had heard was the kind of talent they had at this university. The performers represented everything from art to zoology.

"Now, I want all of us to go down and sit in the high seats in case the water comes up . . ." he said in reference to Oklahoma's recent floods, "and see OU defeat Kansas State."

That, of course, is exactly what the football Sooners did, and Oklahoma as a whole went home happier.

SPENCER TILLMAN, a 22-year-old star running back from Tulsa who will receive a "degree" in broadcasting this year is confident of his future either as a professional footballer or sports broadcaster. He will stay on the field if he can continue to impress the professional scouts for the big teams.

But he has had discussions with the CBS national network and had "several offers" at home.

"The economic situation (in Oklahoma) is a little bit dismal right now, but if you understand how much football is a way of life to a lot of people here, you will understand that there will always be an interest in the sport," he says.

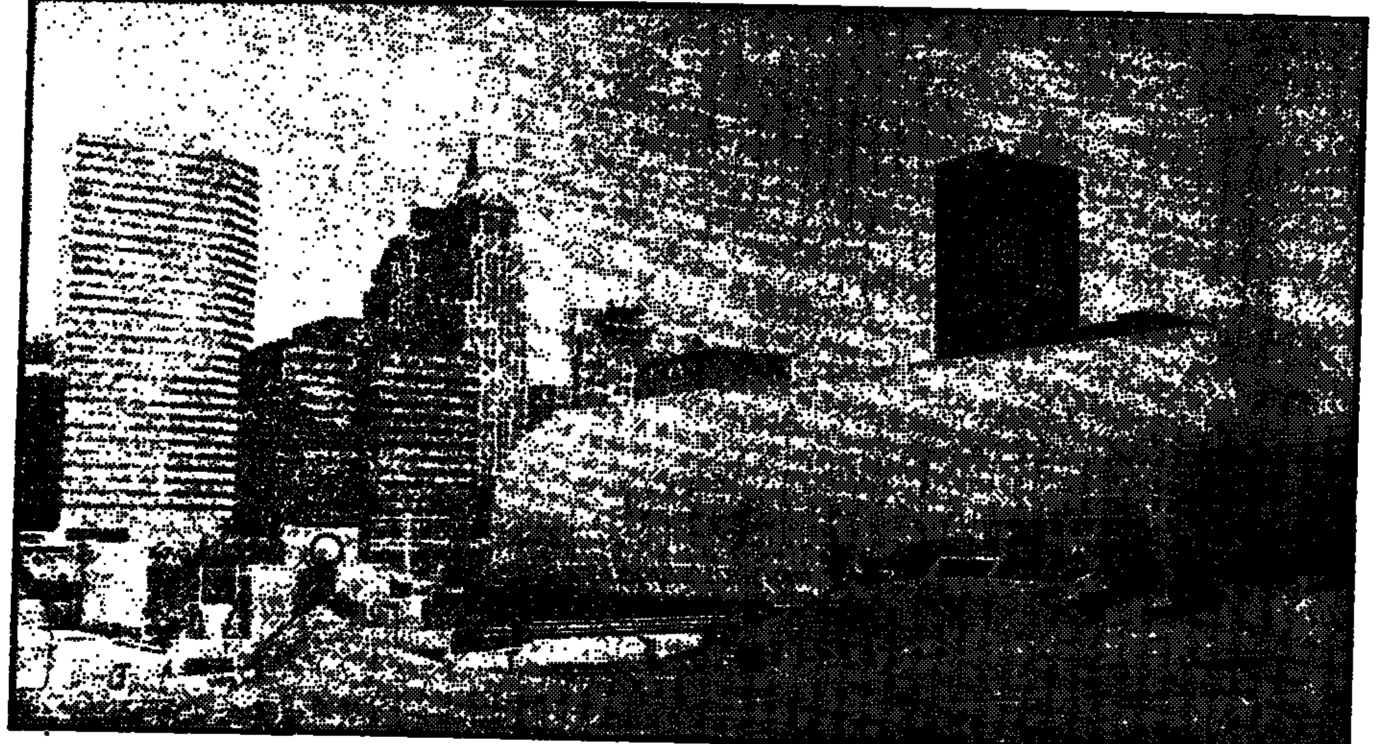
"Football is to America what soccer is to the English. There is always going to be a need for people to be involved in it, which means job opportunities for people interested in sports journalism.

"The negative aspects of the economic situation probably won't affect my interests. But prospects for some of my team-mates will vary, like for Paul (Migliazzo), who is a graduate student in business administration. The financial situation might affect him."

Tillman went to the university from Tulsa's Thomas Edison High School, where his football skills gained him athletic scholarship offers from "about every university in the country." "But I always wanted to come here, being basically a home boy."

Eventually, despite two careers already planned, he will enter a religious ministry, whether that means attending a seminary or not.

His family is very religious. "Well, I don't like to say 'religious,' because that means strict rules and regulations. But we are very spiritually orientated."



The Botanical Tube is a landmark in central Oklahoma City

Business Guide

GOVERNMENT

Oklahoma City; Post Code: OK 73105, Tel Area Code: 405.

Agriculture: Jack Craig, President, Dept of Agriculture, 2800 N Lincoln, 521-3868; **Banking:** R. Y. Empie, Commissioner, Banking Dept, 4100 N Lincoln, 521-2783, **Industry:** James Townsend, Chairman, Corporation Commission, 2101 N Lincoln, 521-2164; Bob Funston, Director, Employment Security Commission, 300 Will Rogers Bld, 521-3730; John Baker, Loan Officer, Industrial Finance Authority, 6601 Broadway Extension, 521-2182; **Taxes:** Robert Wadley, Chairman, Tax Commission, 500 Connors Bld, 521-3211.

Transport: V. O. Bradley, Director, Transportation Dept, 200 NE 21st St, 525-2797; **Water:** James Barnett, Director, Water Resources Board, 1000 NE 10th St, 271-2555; **Tourism:** Abe Hesser, Director, Tourism and Recreation Dept, 500 Will Rogers Bld, 521-2413; **Commerce:** Francis Tuttle, Director, Dept of Commerce, 6601 Broadway Extension, 521-2401; **Training:** Hank Jacobs, Coordinator, Industry Training Program, Vocational and Technical Education Dept, 6601 Broadway Extension, 521-2161.

CHAMBERS OF COMMERCE

Oklahoma: Richard Rush, President and Chief Executive, 4020 N Lincoln, Oklahoma City, OK 73105, (405) 424-4003; **Oklahoma City:** Edward Cook, President, One Santa Fe Plaza, Oklahoma City, OK 73102, (405) 278-8900; **Tulsa:** Clyde Cole, President, 616 S Boston, Tulsa, OK 74119, (918) 585 1201; **Norman:** Jeff Davis, Vice-President for Economic and Community Development, PO Box 982, Norman, OK 73070, (405) 321-7260; **Lawton:** Jay Casey, Executive Director, PO Box 1376, Lawton, OK 73502, (405) 355-3541; **Stillwater:** John Fowler, Executive Vice-President, PO Box 1687, Stillwater, OK 74074, (405) 372-5573; **Enid:** Michael Michalski, President, PO Box 907, Enid, OK 73701, (405) 237-2494.

BANKING

Oklahoma Bankers Association, Robert Harris, Executive Vice-President, 643 NE 41st St, Oklahoma City, OK 73105, (405) 424-5252.

MORTGAGES

Oklahoma League of Savings and Loan Association, Michael Lee Toalson, Executive Vice-President, 6801 N. Broadway, Suite 110, Oklahoma City, OK 73116, (405) 843-5759.

EUROPE

London: Robert Jenkins, Morgan Grenfell & Co, 23 Great Winchester St, London EC2P 2AX, England. 588 4545.

FAR EAST

Japan: Masahiro Echigo, Century Research Centre Corp, 2 Nihombashi-Honcho, 3-chome, Chuo-ku, Tokyo 103. 665-9600; Cullen Berry, Morgan Grenfell (Tokyo) Yuraku Cho, Denkai Bld, N-14F 7-1, Yuraku Cho, 1-chome, Chiyoda-ku, Tokyo 100, 214-6571; **Hong Kong:** Keith Howlett, Morgan Grenfell (Hong Kong), 918 Hutchison House, 10 Harcourt Rd, Hong Kong. 215-293 or 236-117; **Singapore:** Fu Hua, Morgan Grenfell (Singapore), 36 Robinson Road, 13-01 City House, Singapore 0106.

SOUTH ASIA

New Delhi: Mrs Leila Durcharan Singh, Delphi India, E-18 Defence Colony, New Delhi 110024, India. 621-917 or 670-058.

Jonathan Sale brews up a consumer's guide to witchcraft with a human face

Every witch way to conjure up magic

WE ALL have to start somewhere—and that goes for witches, too. "Female beginner, 23, wishes to learn witchcraft from white witch in Glasgow/Strathclyde area," writes Box No E552 of the latest issue of *Prediction* magazine. I think I can be helpful to Ms E552, by referring her to Box Number E550.

"Coven based in North Wales seeks people to be guided through the Craft." All our Glaswegian has to do is fill the tank of her broomstick, and she'll be home by cock-crow. Failing that: "Overnight accommodation available."

Finding a quorum with whom to celebrate Hallowe'en next week is easy. A male white witch in Bolton wishes to meet similar. Eddie, a trainee occultist, seeks instructor in Brighton area. And "Refined, educated Libran magician seeks female occultist for platonic magical partnership."

Rossanna's more desperate: "She-goat occultist desperately seeks small retail premises, sale or rent, for The Gypsy Box curiosity/occult shop." When she finds somewhere to hang her black pointed hat, she will discover that business in occult sundries is booming. You don't have to be psychic to realise that the demand is there.

Most of us without "coming out" in a coven, have fascination for the supernatural however much we disbelieve in it. For the general spooky reader Simon Marsden wrote and photographed *The Haunted Realm—Ghosts, Witches and Other Strange Tales* (£12.95, Michael Joseph). Out next week, this consists of magnificently melodramatic pictures of castles, chapels and ruins

Gargoyle at Knebworth House

where things have gone bump in the night, and scares the hell out of the average rationalist.

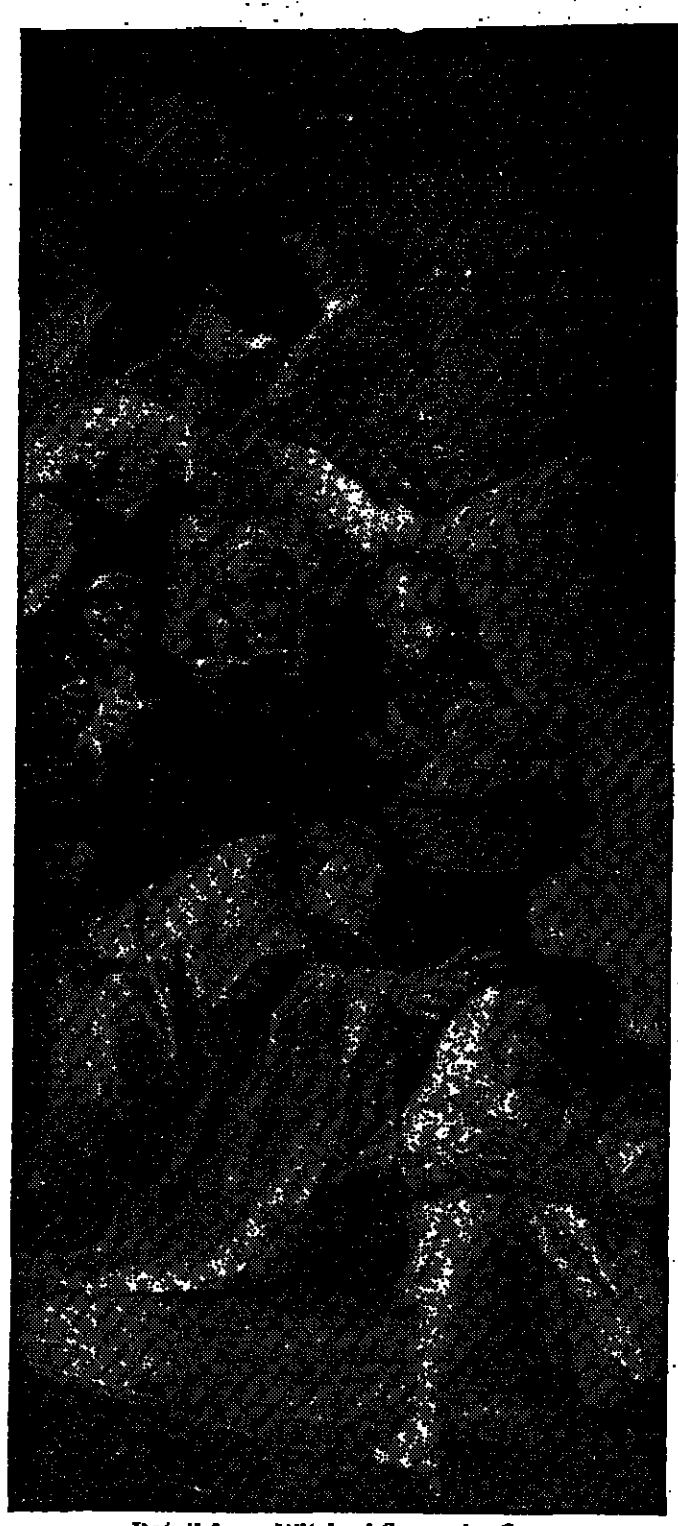
To a hard-core satanist, of course, hell hath no fury. They can take it. A recent survey suggested that their numbers have doubled in the past five years, now totalling 1,500, with 30 buildings for worship, or whatever it is they do.

Between the rationalist and the devil-worshipper come the serious students of white witchcraft (Wicca), who outnumber the Lucifer lunatics many times over. They obtain their magical supplies the yuppie way, by mail order.

"Tele-order by credit card NOW," recommends The Sorcerer's Apprentice, situated at the more mystical end of Leeds; "25,000 clients can't be wrong." The shop does a very reasonably priced "Image Doll for love, hate, cures and curses," only £3.97. Crystal balls—please state if three, four or five-inch model—come at £32.79, while "magical robes," high fashion for the High Priest, set you back £46.87.

If that doesn't deter the dilettante, the price of the "sword of power" certainly will. This is guaranteed "Solomonic style," which may go some way to explaining why it costs £49.57. It might be better to start with the "Solomonic wand" at £7.47, a bargain, especially since it comes "with sigils" — magical marks — as standard fittings. An "automatic writing planchette," for those times when you want the next world to put it in writing, sets you back £11.97.

Don't forget that vital spell, put it down on "sheepskin parchment," £3 from Craefte Supplies of London SW12 (late opening Thursdays). All your pagan products are here, including "seven-knob wishing candles" at £3.95 and "pre-ritual purification bath oil," £2.25, for the wizard who, while worshipping the Horned God, does not want to smell like an old goat. Craefte does not make a big thing of robes, emphasising instead its occult T-shirts. On close examination, these turn out to bear somewhat irreverent messages. "Witches Do It in a Circle," they proclaim, and "Give 'Em Hell!" As the psychic suppliers would doubtless agree, you need a sense of humour in this game.



Detail from Witches' Scene, by Goya

Gardening

A circle of bad taste around the border

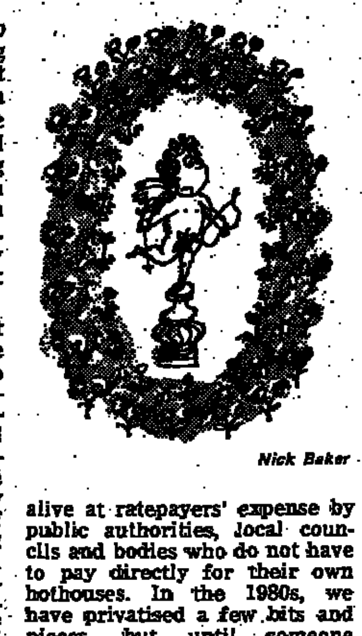
"WHATEVER is happening to English gardening?" a visiting couple asked me recently at Wisley. We were standing in that enclosed garden at the far end of the long central canal. Behind the enclosing hedges the garden has been split into formal beds, each packed with bedding plants. "We left New Zealand," they explained, "to escape this sort of riot."

It goes without saying that Wisley's bedding plants were admirably grown; there were no weeds, no rust, no mildew. However, they mad a curious mixture of colours, hard reds and lemon-yellows, oranges, purple-brown leaves, silver-grey foliage and variegated blotches. They were also a curious mixture of shapes. Tassels dangled among balls; stiff little spikes emerged from feathery leaves and flopping, open daises. It was bedding with a vengence: some of my old bêtes noires have acquired new vigour and new variations.

You can now buy a wretched Celosia called Red Fox: its drooping plumes of flowers look like red-brown pipe cleaners, not the healthy, animal brush of what a farmer recently described to me as a "bushy-tailed job." Matricaria Golden Ball has never had much in its favour, but the new Hibiscus Coppertones is of a piece with it. It makes an open branching plant with leaves of that brown colour which conjures up orange companions in a park bedder's mind. Sure enough, there were orange Rudbeckias to go with it, yards of silvery foliage, some gawky Abutilons with variegated leaves and a novelty red Salvia called Cleopatra.

How could I apologise for i? Should I have enlarged on the gap between public and private gardening in England, although Wisley is no ordinary public garden, but the haven of gardeners from all over the world? Perhaps it was time for the longer perspective, explaining how the styles of English gadening have split since the 1870s.

Cottage gardening, the working man's style, has soared up the social scale: formal bedding-out was the art of ducal parks and great formal gardens, but it has slithered sideways and been nationalised. It is kept



Nick Baker

alive at ratepayers' expense by public authorities, local councils and bodies who do not have to pay directly for their own hothouses. In the 1980s, we have privatised a few bits and pieces, but until someone privatises public gardening, we will have to explain away the Carabinieri Salvia and Marigold Lemon Drop.

Or is it only the art of a lingering minority? Here we were at Wisley, but for some while, you have been able to see something very similar at Kew. I catch a growing note of sympathy among the experts. Time has sanctified the stripes

Robin Lane Fox laments the explosion of harsh colour in the enduring, yet artless development of formal flower beds

and segments of formal bedding; outrageous colours have gained Victorian charm; who is to say that a roundabout of French marigolds with green bollards of the dreaded Kochia is not a sign of urban uplift and municipal cheer? In the Swindon community swimming pool you can read posters proclaiming that Avon has been bedding out more than 100,000 marigolds this summer.

My local Oxford has gone mad with some truly awful wedges of fibrous begonias and so many vibrant hanging-baskets on white poles that Broad Street looks like an esplanade. We must, it seems, have Floral Britain and Britain In Bloom, Flower Festivals and Flowering Festival Cities. Catch the judges' eye with another 100,000 Cherry Tart Petunias and your town council might win a prize on the Blooming Circuit in a self-perpetuating circle of bad taste.

Bad, indeed, it is, whether or not it was practised a hundred years ago or tolerated by Trollope's Duke of Omnium. To be specific: the colours are too harsh for each other's company and are ill-suited to the intermittent light of an English summer. Plants offer so many contrasts of shape and form, yet the crude dotting of one bright colour in a sea of flat Tagetes does nothing to exploit their scope.

This style is a chance for technique, not art, and perhaps that is why it endures. It is no easy matter to produce a level row of begonias and grow fluffy ageratum to fill a hundred square yards. When these plants are grown exactly, they behave like obedient soldiers and line themselves neatly in ranks and squares. They are so bright that you cannot miss them and they look as if they have required continual work.

I wanted to say that Wisley was trying to be representative, that some English gardens did adhere to this sort of planting and that it was only fair to give it a display. But was this apology true? Without too much difficulty, you can drive around England and still see nothing but harsh vermilion roses and blinking orange marigolds: in 1870, the great William Robinson asked why such gardeners did not simply paint their flower beds and save themselves the bother and expense. His tirade has not carried all before it.

"English gardens," I began to explain, "do not all practise English gardening: like so many famous styles, it is still disregarded by many of its own countrymen." The visitors looked disappointed: New Zealand, they answered, is just the same, and they moved on, regretfully, to see what reconstruction had done for the rock garden.

Wine

Get in the queue for 1986 clarets

Bordeaux has produced another large and good vintage but Edmund Penning-Rowsell urges buyers to wait a little

GOOD NEWS is not always welcome and the fact that Bordeaux has produced another very large, successful vintage this year may not please claret drinkers everywhere. How good it is cannot be determined even initially until the wines in the vats have finished their first fermentation but 1986 will not be a year to be written down on the vintage charts. In the vintage comparison game common in Bordeaux at this time of year 1975 and 1979 have been mentioned, though in reality no vintage is closely like another.

Prospects did not start that way. The winter was very cold, with much frost, and the spring was both late and wet. However, the sudden emergence of hot weather in June led to a rapid vine flowering, with little or no *coulure* (no grape formation) or *millerandage* (no swelling of the grapes). July and August were warm and the dryest in 35 years: a drought that could lead to hard skins and too little juice. But September opened well, though there were some very wet days that caused rot, particularly in the Sauternes, where it was welcome only if there was no more rain.

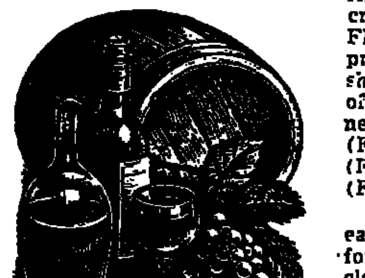
The results of a Sauternes vintage are particularly hard to predict as the picking may continue until the end of November. Last year it eventually turned out better than I was able to suggest early in October, especially for those who had the courage to pick late. On present showing the 1986 Sauternes should be good: also the dry whites where a very large crop was brought in, notably in the Graves.

The red wine picking of the more important properties began in the first days of October, with the very big harvest of Merlot picked quickly, and followed by a pause for the Cabernet in order to secure a higher sugar content and a lower acidity. 1986 will probably be considered a Merlot year, whereas 1983 was a Cabernet one. The quality of each estate's wines may depend on whether they reduced the crop by summer pruning, particularly the Merlot, and whether next year for their grand vin they make a very strict selection among their numerous vats.

This year, however, the question is not so much concerned with the quality of the claret vintage as with its price. First, because 1986 is but the latest in a run of good years that essentially began in 1978, with only 1980 and 1984 discounted: and they too were by no means so indifferent as initially stated. There is a great deal of wine of the other seven vintages lying around all over the world or, in the case of the 1985s, awaiting bottling in chateaux cellars.

Some in Bordeaux argue that as the 1985s sold so well, so should the good 1986s. Yet the 1985s, followed the 1984s, moderate to good in the Médoc and Graves, but disastrous in St Emilion and Pomerol; whereas the 1986s follow the superior 1985s. Moreover, the unparalleled succession of successful years may make many believe that in the Gironde nature has been conquered, so why lay out money for the more widely known 250 estates' wines when their prices are released next spring?

Why not revert to the traditional practice of waiting before buying until the wines can be more reliably tasted in bottle? This argument may be reinforced by the distinct possibility that prices of young



vintages may not rise as they have in recent years and could even fall, thus reducing the likelihood of at least a paper profit for early buyers.

Further, the price pattern of the classed growths and some *crus bourgeois* has been dislocated by the unjustified price rises of a number of 1984s. Not, it should be said, of the first growths, already high enough at FFr 170-180 a bottle. These rises were largely the result of the 'knock-on' tradition peculiar to the upper ranks of the Bordeaux hierarchy. If the proprietor next door is putting up his/her price, then his/her neighbour does so too: more for prestige than profit, which anyhow is taxed at 50 per cent. Moreover, the Bordeaux trade had to accept the 1984 allocations prescribed for them by the estates or lose their places in the 1985 queue. So there are large amounts of currently unsaleable 1984s lying in and around Bordeaux.

When the 1985 prices first came out most of the proprietors who had increased their 1984s offered the new wines at the same price—except for the first growths, which rose to between FFr 200 a bottle (Lafite, Margaux and Mouton-Rothschild) and FFr 225 (Cheval-Blanc). Also Léoville-Las-Cases increased its 1985 price from FFr 110 to FFr 140, double the price of the 1982s. Such a price should be compared with some of its less competition minded neighbours: Léoville-Barton (FFr 62), Léoville-Poyferré (FFr 68) and Beychevelle (FFr 92).

Nevertheless, such was the early reputation and publicity for the record quantity 1985 clarets that they sold very well in Europe, particularly in the UK and France, not only to the trade but to the ultimate consumers. This has been less the case in the US, the most important market for the classed growths. The big importers bought, like the Bordeaux trade, to keep in line. But they have had less success in reselling their wines. And there are even stories in Bordeaux of substantial order cancellations.

So the demand prospects for the 1986 clarets are already mixed. The leading wines can always find a market among those who buy by name or label. In any case they have made so much money in recent years that they can afford to wait. This is less the case for the other *crus classés* and *crus bourgeois*: although they have the advantage of more moderate prices. Then the generic wines Bordeaux Rouge and Bordeaux Supérieur, will be protected by the "blocage" of nearly 1m hl, taken off the market for a year by the Conseil Interprofessionel; and anyhow half at least of such wines is sold within France.

But one-third of red Bordeaux is exported, and is now faced by steep falls against the franc in the very important US and UK markets. In 1985-86 we were first in volume with 18.4 per cent of the total, and the US were third in volume with 13 per cent, and first in value. It is highly unlikely that these markets will buy the 1986s at the same level as the generally considered over-priced higher echelon 1985s.

Yet the leading 100 or so proprietors are likely to resist reducing their opening prices, owing to the loss of prestige implied and their belief that their wines will then be thought less good. But this was forced on them without such side-effects in the mid-1970s slump, when the 1975 first-growth opening prices were little more than half those of the ill-fated 1972s. Such pressures could occur again.

Most of the Bordeaux merchants are saying now that prices must come down anything between 15 and 25 per cent and this is echoed strongly by likely importers here and in America. There are some, though, in Bordeaux who fear that a cut in 1986 prices would make it difficult to sell their existing stocks, particularly the 1984s.

None of this is intended to disparage the likely quality of the 1986 clarets. Given reasonable prices they should find buyers all down the line. Then those who think that there have been enough recent good vintages already might be encouraged to buy first offers. This is because an informed view in Bordeaux is that after two record crops the vines will be fired, and so 1987 will be a poor year. If so, few will regret it.

Arthur Hellyer shows how careful buying of trees and shrubs can produce a fine contrasting display

Riot of colour among the evergreens

A RE-ARRANGEMENT of part of my garden has given me the opportunity to try a modest colour scheme using the foliage of trees and shrubs.

There were already several well grown plants of Thuya Rheingold in the area and also an equal number of Juniperus Skyrocket, some of which could be left where they were and others moved to more suitable places. So, with this old gold and blue-grey combination as a starting point, I decided to bring in lighter yellows and some purple all, with one exception, broad leaved.

The exception was the Sawara cypress named *Filifera Aurea*, a plant which I constantly admire in other gardens but have never had in my own. Nor, at the outset, had I any thought of bringing it into my new planting since the colour is more strident than I had in mind and, anyway, I had enough conifers already.

But there it was in the garden centre looking so attractive and so reasonably priced that I could not resist it. I imagine that many garden makers are seduced from their original intentions in similar ways and probably their gardens are none the worse for it. However, I have to admit that of all the plants I bought, *Chamaecyparis pisifera Filifera Aurea* is the only one that has already had two different places and may well end up in a third.

I am not one of those who believe greatly in paper plans and most of my arranging gets done on site, with the plants stood around where I think they should be and then moved about if I do not like the look of it.

I also set out to buy two purple leaved trees, *Prunus blireana*, said to be a hybrid between the purple leaved plum and an apricot, though I have never entirely believed this; and also that very good purple leaved form of Norway maple, Crimson King.

I got both without difficulty, very nice well grown plants. But I also came away with a third that I had not planned for, the ornamental crab apple, Royalty. Again it was the plant that sold itself. It looked so good that I could not resist it and that piece of weakness has turned out better than I deserved because the balance of three purple trees looks better than the balance of two which I had in mind.

The two yellow deciduous trees I wanted were *Gleditsia Sunburst* and *Acer negundo Auratum*. I chose the golden honey locust rather than the more popular Robinia Frisia, partly for its smaller, more elegant leaflets but also because there are already a couple of Frisias in other parts of the garden. There was no difficulty in buying a nice gleditsia tree but all manner of difficulty in finding the yellow leaved maple, which no one seemed to have.

In every garden centre I visited was *Acer negundo variegatum*, the light green and white

maple that used to be in half the gardens of Britain, or so it seemed, until *A. platanoides Drummondii* took over as number one. I did not want either of these as one is too pallid and the other too aggressive for what I had in mind. *Acer negundo Auratum*, with its greenish yellow leaves, was just right but where to find it.

I was assured that stocks had died in the last two cold winters or that October was a most unsuitable time to be planting maples, or, just plainly, that they did not stock it and never had. Then I remembered Perryhill at Hartfield in East Sussex, telephoned and found that they had year old plants virtually unbranched but that suited me well. Young trees invariably settle in more readily than old ones and usually outpace them after a few years.

That was half the reason for the success of the tree planting at the Stoke-on-Trent Garden Festival, where there have been scarcely any casualties out of many thousands of trees planted, the other half of the success being that ample provision was made for watering the trees until they were established.

One other tree got itself into my new scheme without being on my shopping list. This was the weeping white mulberry, the most perfectly shaped of all weeping trees but usually almost impossible to find and then discouragingly expensive. I spotted it all on its own, and without a label, among the trained apple trees. Inquiry confirmed that it was indeed a weeping white mulberry and that I could have it for £8.50. I could scarcely believe my luck.

This fitted in nicely because I had already decided to plant a weeping willow-leaved pear on one side of what is roughly a circle of grass. The mulberry now stands on the other side, where it will be a pleasant light green contrast to the silver-grey of the pear.

To date there are also a couple of purple-leaved shrubs, *Berberis ottawensis atropurpurea*, which I chose in preference to the more familiar purple form of *B. thunbergii* because of its arching habit and better flower performance, and *Cotinus coggygria purpurea*, chosen in preference to the much richer coloured Notcutt's Purple because of its stronger growth. I have lost several purple-leaved sumachs in the past, probably because my soil is too cold and damp for their liking and I hoped this sturdy plant would be better able to survive.

A little later, when the autumn rains arrive, I plan to move in from another part of the garden a small leaved holly which is growing into a very narrow erect tree. It will make a splendid contrast in colour and shape to everything else. I might also bring in one of the small horizontally branched cherry laurels, probably Zabeliana rather than Otto Luyken since the latter tends to grow up and up until it ceases to look horizontal. But at the moment Otto Luyken holds the market and Zabeliana may be difficult to find.

James Page-Roberts on growing grapes

From vine to wine

TO HAVE a few vines outside in the garden for the pleasure of tending them, for their decorative effect in the spring, summer and autumn, for their ability to cover the unsightly, for the grapes and for the free wine would seem to be the most obvious and natural adjunct to any garden or allotment south of an east-west line through the Wash — or even higher.

Yet their garden potential in this country is still almost unrealised. I cannot see why.

My present "vineyard," 600 feet up in chalk hills, on the Hampshire/Wiltshire borders, measures only 12 by 24 paces. Had the '85 season not been so extraordinary (we all need a setback once in a while for nature to assert her authority) we would have made more than 200 bottles. We made only 60. Should one or two "normal" years be in the offing, we will reach our full capacity of 300 —enough for the house, presents and barter.

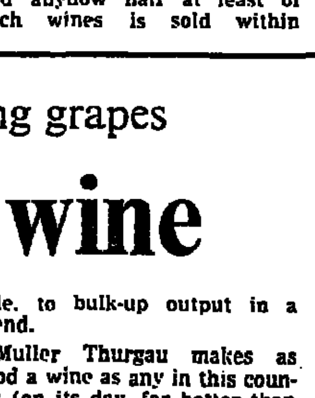
Grade down this area by half (12 x 12 paces = 150 bottles). Now make it 6 x 12 paces, which should supply 75 bottles. From these figures you will discover the potential of your plot.

"Instant" is not a word that is understood by nature. "Patience" is. So, having started your own cuttings or bought rooted cuttings, expect to wait for three years to see the fruits of your labours—and not too many of them then, either. Yet, once established, these vines will become an object of wonderment and jealousy.

Where do we start? Having planted the vines in the late autumn or winter, there will be three years to prepare for the vineyard structure and winery kit. So there is no rush. But the first move is to get those vines into the ground and protect them from winter-nibbling animals.

What variety should we grow? A single kind that will be ready to harvest and vinify at one time will be more satisfactory than several. These will increase the workload by needing different treatment and vinification times.

Far too many sprays are being used on commercial vines. The "domestic" grower, with the element of "chance" on his side, has the advantage of keeping



the vines and wine free of noxious substances—pure.

So to find a trouble-free vine would be ideal. Sadly, those that are do not produce great wine. Probably the best of disease-resistant, white grape vines is Seyval Blanc. It is hardy, prolific, and used, as a rule, to bulk-up output in a blend.

Muller Thurgau makes as good a wine as any in this country (on its day, far better than the same wine made elsewhere in the world). It is a strong and easy vine but, sadly, prone to mildew in some weather. Having kept this variety clear of both mildew and rot for many years, with Bordeaux Mixture and Wettable Sulphur, I bravely hope that, with an "ecological" approach, they will accept a moderate amount of disease as a natural part of their existence.

I believe that we are able, in this country, to make excellent white wines. But I feel that the making of good red wines should be left to those in sunnier climes.

Anyhow, the red grape with the best reputation as healthy wine-maker is, at present, Triomphe d'Alsace. As a beautiful "coverer" and prolific producer uniquely distinctive grapes for eating and wine (not always appreciated), the Strawberry vine is worth considering.

How about the site? A sheltered, gentle, southern-facing slope on chalky soil is about the ideal. But the vine is a surprisingly tough and hardy creature and will tolerate most conditions except for soggy soil around its roots.

The quality of land is unimportant. A little compost, perhaps, each year will keep the vines happy. And after the first year in position (for rooted vines), when watering will be necessary in a dry spell, the vine will find its own water supply — sinking its roots up to 50 feet.

The number of vines required will depend on the plot size and pruning methods used. But 120 vines within 12 x 24 paces would seem to be the maximum for easy management and basic equipment.

Structure, pruning and vinification come next.

James Page-Roberts is the author of The Best Wine in the Super Markert (Foulsham & Co, £2.50), a survey of where to go and what to choose in quality wine at bargain prices.

City-City-Bang-Bang: shops and services

Lucia van der Post
HOW TO SPEND IT

AS THE City limbers up for Big Bang, a host of smaller players have been pouring in, wondering what, if any, were the pickings to be made.

As the City prepares itself to meet the needs and markets of the late 1980s, so the demands of the people who work there are changing. For many of them today the world is their playground and their office. Heathrow and JFK are as familiar to them as Mansion House and Cannon Street. They've sampled the metropolitan chic of New York, the charms of Paris, the sophistication of Milan. Dickensian ways will no longer do.

Where once the City offices presented rows of sober suits, today there are skirts and pussy-cat bows, high-heeled shoes and wafts of Shalimar coming from behind the screens. The salaries may be high but the hours are long. No longer can a partner in a stockbroking firm saunter down to the West End in his lunch hour to buy a suit, ponder on a picture, or toy with a steak. What he needs, what they all need, is everything on the doorstep —and if possible at the office desk.

Some people have seen the future and decided to meet it full on, but as yet there are too few. Slim Jim's (01-247 9982) and Cannon Sports Club (01-283 0101) these days open their keep-fit facilities, American-style from 7 am to 10 pm. Corney & Barrow and Duff & Trotter have revolutionised the food scene, Next and Austin Reed's Options (in its Cheapside branch) have brought a little feminine glamour to the streets, New & Lingwood, Gieves & Hawkes and a few other city firms are making it easier for a chap to buy "the kit" within a few paces of his office door, and there are a host of itinerant shirt and suit salesmen prepared to come to the office desk. But a girl on a five-figure salary has to make it to the West End for the kind of designer clothes her salary can buy.

The lawyer or merchant banker who is working on deals until midnight has to fuel the body with pub meals or a hamburger. Where are the laundries and the dry-cleaners prepared to collect and deliver from the office desks? There are some barbers and shoe-shine boys who clean up in a few of the more prosperous offices but as yet not enough.

There are still too many shops relying on old-fashioned charm and a backlog of tradition who haven't come to terms with the fact that life has changed.

But there are some honourable exceptions. Some who have moved with the times and attempted to provide what Nick Stanley of Corney & Barrow calls "better and more relevant service." Some of them are listed here.

Coates Café, left, where yuppies lunch for £5 all-in, pick up a "breakfast-in-a-briefcase" from 7 am onwards or drop in for early supper up to 8.30 pm. Right, the Duff & Trotter style.

Manley Laird
for appointments telephone 01-720 4141.

MANLEY LAIRD is, for want of a more telling description, an itenerant suit sales group. Launched just about a year ago (when I wrote about them here) they have now expanded from a two-man business in a one-bedroomed flat to a 10-man team in proper premises.

Chaps in need of a suit need just lift the 'phone and along to their desk will come a Manley Laird fitter with swatches of fabric and racks of clothes. You try on jackets and trousers to get the nearest sizes and shapes you like, then you choose the fabric from the swatches. Though the suits are ready-made and include most of the good, solid, middle-of-the-road names like Pierre Cardin, Linea Rossi, Mr Harry, and Wensum, they are altered to fit. It usually takes about a week from start to finish. Prices range from £150 to £190.

As well as the suits Manley Lairds have now started their own-label shirts—again made to measure but in what it describes as the "Jermyn Street Mould." Two fold 100 per cent cotton poplin in the preferred city white, stripes or plains, with double cuffs, variable cuff-lengths. They are proud of the fact that all are "full-bodied."

Corney & Barrow,
109, Old Broad St, EC2.
Tel: 01-920 9560.
118, Moorgate, EC2.
Tel: 01-628 2898.
44, Cannon St, EC4.
Tel: 01-248 1700.

Coates Café,
45, London Wall EC2.

"IN A funny sort of way," says Nick Stanley, managing director of Corney & Barrow, "the restaurant business was as archaic as the broking and jobbing businesses—doing away with fixed margins, with the traditional ways of selling, with antiquated service, was as vital for us to survive as it is for the more traditional City institutions."

Nowadays no partner in a stockbroking firm, no underwriter at Lloyd's, no banker in Cannon Street needs to glide away down to the Strand or the West End for his power lunch unless he really wants to. Right on his doorstep he can toy with a glass of Perrier (or a Chateau Latour, if that's his taste) and a salade composée or a Brill with "trois sauces," in one or other of the Corney & Barrow eateries.

A combination of high quality modern design (Julyan Wickham and Chaik Chassay are the architects they've used so far), delicious and interesting food of a light, contemporary sort, of video screens up on walls making sure they're never out of touch with the way the money markets are moving, means that eating in the City is as enjoyable, as enticing as almost any West End restaurant.

While the top three Corney & Barrow restaurants are really aimed at the true expense account power lunch, Nick Stanley is well aware that there are bands of chic young yuppies, not yet of partner status, but wanting more than stodge and indigestion at midday. For them he has opened Coates Café (any resemblance between its logo and the ludicrously fashionable Cafe Costes in Paris is, he says, entirely coincidental).

Sketchley's

Fenchurch Buildings
1 Fenchurch Street
EC3

SKETCHLEY, long a name in dry cleaning circles, has cottoned on to the fact that laundry and dry-cleaning is one of the biggest headaches for those who live alone and work long hours. The rising young chap in the City can now go into his nearest branch of Sketchley, fill in a form with his name, address and credit card. He then leaves a £2 deposit and is supplied with a green laundry bag. He uses the bag to transport his cleaning, or laundry, and he can leave it, complete with filled-in form, on the counter to be cleaned, laundered or mended as per instructions. The credit card is automatically debited and there is no queueing to hand it in. This clearly helps—but what about a delivery service, to the office desk?

New & Lingwood
155 Fenchurch Street
EC3

NEW & LINGWOOD (well-known to generations of Etonians as suppliers of the choo' kit since 1865, to Cambridge undergraduates since the 1970s and to gentlemen in Jermyn Street since 1922) saw the way the wind was blowing last year and opened a branch in the City. The days when the City gentleman could find the time End in his lunch hour had gone—if they were to keep his custom they'd have to go to him. So now those who like the New & Lingwood style can buy their immaculate Oxfords, brogues and half-brogues, their fine cotton shirts, either ready-made or made-to-measure by hand (for £65), their traditional classic ties, their soft pyjamas, within the City's limits. Don't go there for anything trendy, just for the reassuring props of traditional City life.

Duff & Trotter
13-15 Leadenhall Market
EC3
and 47 Bow Lane
EC4

AN ARMY goes to war on its stomach, goes the cliché. Well, over at Duff & Trotter, food and wine merchants with two branches in the City, they are well able to vouch for the City's dependence on that essential part of their anatomy. They feel quite sure that without their vital service, Big Bang might well have turned out to be little more than a whimper.

Its two branches are geared not just to providing the fuel for intellectual effort but for the social part of a private life. Many's the upwardly mobile merchant banker who rushes in in his lunch-hour with the cry "Oh, my God, I have got a dinner party, what do I do?" Out come the Duff & Trotter frozen foods, beautifully supplied with what Louise Bland, Duff & Trotter's director, calls "Noddy Guides."

The City Man does not like to do without his breakfast (not that I'm suggesting he should) so Duff & Trotter obligingly opens its Leadenhall branch at 7.30 am so that all those dealers needing to be at their screens by 8 am can pick up a craissant (or charcuterie for the foreign bankers) and a glass of peach nectar on their way in.

For a real insight into City Man, Duff & Trotter's sales staff are the people to talk to. City Man, it appears, is addicted to chocolate. He simply is unable to walk past a chocolate brownie. He, unlike his female counterpart, buys chocolates for himself, for his nearest and dearest, for his weekend hostesses . . . he buys chocolate whenever he sees it.

Solutions
27 Cathedral Place
EC4

WELL WITHIN the official square mile that forms the City but nonetheless a little off the beaten track for the underwriters at Lloyd's, the insurance market, and most of the merchant banks, it's an address well worth taking note of (as, indeed, many City workers already have). Solutions is the place to go when you need an urgent present, when you've forgotten that it's the birthday of your nearest and dearest, when you need to take a house present for your weekend hosts. There's always a nice collection of glass and pottery, of cards and candles, but there are a few special services that even people working outside the City's limits might be interested in — it sells a good range of tableware (from Denby to Worcester) and has a potter on tap who will make ceramic handles to Sheffield cutlery in any colour customers choose, thus enabling them to match the dinner-service exactly. Prices are £7 a single piece, £48 for a seven-piece single table setting.

English Tailoring
for appointments telephone 0277-229179 or 0277 233648

QUICK to see the way the cookie was crumbling in the city were Stephen Williams and Ray Roberts who run English Tailoring. I've written about them before and anybody worried that their order books are over full can be reassured that they have already taken on more staff and are training more people as fast as they can. English Tailoring makes handmade suits but comes to your desk with swatches of fabrics and a measuring tape. They started by offering as good value as possible but found several customers a little sniffy over prices as low as £300 to £400—so, if that's what you want, they'll make you a cashmere suit for £700 to £800. Being bespoke and made by hand, this takes a little longer than Manley Laird—about two months from start to finish.

Workshop Clothing
for appointments telephone 01-351 3478

AT LAST a little help for the growing band of women in The City. Workshop Clothing started life by offering to sell what it calls "Jermyn Street type" shirts to City men at their office desk. It soon found that the really neglected area was providing women in the City with a straight-to-the-office desk service.

So now Workshop Clothing offers a range of 10 different styles of shirt and twenty different beautifully soft cotton shirting fabrics from which the City woman can choose her very own shirt. At a cost of between £30 and £60 Ms City Exec can be as smartly and expertly clad as her male colleagues.

Styles range from the usually frilly stand-up collar line to classic shirts. So successful has the venture been that Workshop Clothing now offers a smart but fairly classic suit in Prince of Wales check fabric with a collarless double-breasted jacket and a wrap-over skirt (£175).

Burberry Tailoring
Telephone 01-839 2434

IF YOU don't have time to visit Burberry's store, Burberry's will come to you. You can order up a visiting tailor for a made-to-measure suit (more than 1,000 patterns, prices starting at £155), a tailored shirt (from £38), an off-the-peg suit (Chester Barrie, Magee Pierre Cardin, Baumler et al), and anything else you fancy from an overcoat to a spotty tie from the Burberry catalogue.

Birley's Sandwich Bar,
Unit 2, Cannon Street, EC4
Telephone 01-626 8594

THE BEST sandwiches in the City say those in the know. No longer is the sandwich just fodder to keep the wolf from the door. Birley's sandwiches are proper food — granary bread (if that's what you want) and proper fillings. They're not cheap but they're excellent food—and they'll deliver to your desk for £1 a throw. Every day ther's home made soup on offer, too.

Gentlepeople
for appointments telephone 01-581 4393

FINALLY, all those poor over-worked and over-paid young yuppies might like to know that when their social life finally crumbles about them and they long for home comforts and somebody to share the golden pile, help is at hand. Mrs Zelda Fischer (from America, where else?) saw the problem coming and for an annual membership fee of £500 provides the answer. Gentlepeople she calls her service and she insists it is not a marriage bureau or a lonely hearts organisation. "We're consultants to single people; a social club where you can meet a new set of people." But if a need is there, somebody can always be called upon to fill it — at a price. So for an extra £1,500 Gentlepeople will try and find a suitable marriage partner.

Cookery

Adventures of a pumpkin

LAST YEAR I tasted pumpkin for the first time. I had seen it on sale often enough and I had been to parties lit by pumpkin lanterns. I had even bought pumpkins myself—but not for eating; I used them purely for decor: mixed with pyramids of Victoria plums, a pomegranate or two and a few sprays of rowanberry, they make a splendid display at this time of year when flowers are running short.

Then last year it suddenly struck me as churlish, not to say spendthrift, to throw the pumpkin away without trying it. So when the time came to take down the table centrepiece, I took my little pumpkin into the kitchen.

I asked various friends and neighbours for advice and discovered that, although many meant to, like me, none had yet got round to eating pumpkin, let alone to cooking it. Perhaps FT readers are more adventurous, but in case not, let me share my experiences.

Pumpkin pie seemed the obvious recipe to try but greatly preferring savoury dishes to sweet, I decided to avoid it. I loved the sound of a recipe in Jane Grigson's Vegetable Book for an Argentinian stew cooked in a scooped out pumpkin, but my miniature pumpkin was far too small for such a party piece.

I toyed with the idea of cooking pumpkin as a vegetable pure and simple but was disheartened by the warning given in many cookbooks that pumpkin rapidly disintegrates to a mush in the cooking pot. It sounded depres- [illegible] then, the best idea might be to try to make a purée of pumpkin soup. So it was that I decided to embark on soup-making.

The first surprise came when I tried to cut the pumpkin in half. I had expected the knife to slice through it like butter. I had even laid newspapers on the floor in anticipation of juices and seeds gushing out as they sometimes do when you cut into a ripe melon. one came. You need muscle to cut into a pumpkin. It's solid and hard, more like chopping logs than chopping a vegetable.

The next disappointment was the nest of seeds in the centre of the pumpkin. These seemed irrevocably knitted into a bundle of harsh woolly fibres, well-night impossible to unravel and wash out properly. That put paid to my plan for home-toasted pumpkin seeds.

When eventually the flesh was derinded and deseeded, sliced and diced and put into a pan with some butter and stock, I found it took about 50 minutes to cook. Even then it never became meltingly tender, and when whizzed to a purée it stubbornly remained a little waxy and lumpy.

Speaking now as a veteran, having cooked and eaten my way through several whole [illegible]

Anne Morrow

under-ripe, or perhaps I should say immature. Certainly no other pumpkin I have come across has proved quite so recalcitrant.

I have learnt not to be seduced by the diminutive charm of a pumpkin weighing in at 2 lb or less. Such lightweight specimens areno use to the cook. The minimum desirable weight is 2½ lb. A whole pumpkin of this size, or a little more, keeps well for ages and should do double duty satisfactorily: first as part of the decor, then as part of the menu.

be a better culinary choice. Although less aesthetically pleasing, and needing to be eaten up quickly, at least you can see the seeds before you buy — they are the only indication of maturity and ripeness I find reliable.

Colour is certainly no guide. Some varieties of pumpkin are gold, some orange, some red, some are streaked, some freckled, all look gloriously healthy and ripe. Touch provides no enlightenment either. Even when fully ripe, a pumpkin feels hard all over. There's [illegible]

The answer lies in the seeds. It may sound a bit like the hocus-pocus of reading things into tea-leaves, but I have found that when pumpkin seeds look wel ldeveloped and there's a bit of breathing space around them, then the flesh is good to eat.

If on the other hand the seeds are gripped in a mat of fibres as tight as a clenched fist, then the chances are that the flesh will be sticky when cooked instead of tender and sweet.

Having said all this I must admit that even my first immature and underweight pumpkin made a good soup. It was not as smooth and creamy in texture as one might wish, but it was nicely flavoured, warming and soothing. Never hacing tasted pumpkin before, I had no yardstick to go by, but I tracked down some experienced pumpkin-eating friends and they gave the soup their seal of approval. So here is the recipe:

CREAM OF PUMPKIN SOUP
(serves six or more)

1 x 2½ lb slice of pumpkin or a small whole pumpkin weighing 2½-3 lb; 1 medium onion; 1 small orange; 1 oz butter; at least 2 pt light stock; a litle ground cinnamon and curry powder; salt [illegible] marigold petals to garnish, and lots of fried bread croutons.

Chop the onion and sweat it gently in the butter in a covered pan while you prepare the pumpkin. Cut it into quarters and pull out the nest of woolly fibres and seeds from the centre. Peel the pumpkin thinly and cut the flesh into large dice.

Add the pumpkin to the pan and stir briefly to coat it all over with fat. Sprinkle on ½ teaspoon of ground cinnamon and the merest pinch of curry powder. Stir in the spices, add the finely grated zest of the orange and pour on the two pints of stock.

Bring slowly to simmering point, cover and cook gently until the pumpkin is tender and beginning to distintegrate into the liquid; this can take 40 minutes or so. Stir occasionally and check the pumpkin for tenderness as it cooks.

Fish out most of the pumpkin flesh and put it into a food processor. Add some salt and pepper, the juice of the orange and half the cooking liquid. Reduce to a purée.

Return the purée to the soup pan. Stir to mix well and reheat gently. Add more pepper, salt or cinnamon, and thin with more stock (or orange juice) as necessary to achieve good consistency and flavour.

Garnish with a swirl of cream and scatter with a few pot marigold petals or dust with a shake of sweet Hungarian paprika, and serve with plenty of buttery crisp croutons of friend bread.

Starving the peasants

THE HARVEST OF SORROW,
by Robert Conquest.
Hutchinson. £16.95, 412 pages

THE SOVIET UNION was afflicted by several waves of famine in the years following the October Revolution. But the first, from roughly 1919 to 1921, was an almost inevitable sequel to war and civil war, with the widespread destruction these had caused in some of the most fertile regions of the country.

The second major famine, between 1929 and 1932, was quite a different matter. It was largely man-made, and resulted from a lethal combination of measures decreed by Stalin and the Soviet Government in Moscow: forced collectivization of the villages, "dekulakization," a series of impossibly high grain procurement quotas, and a ruthless campaign to eradicate all nationalist sentiment in the non-Russian republics, the Ukraine being the principal target.

To put these policies into effect, Party activists from the cities swarmed over the countryside to beat the peasants into submission, and to fan the flames of "class war" between the so-called kulaks and the rest. "Dekulakization" is an ugly word to hide an even uglier reality, for almost any peasant marginally more prosperous than his fellow-villagers could be denounced as a "kulak," and countless thousands were either executed, given ten to fifteen-year sentences in labour camps, or sent into exile in remote regions such as Kolyma where few of them survived. In any case, the word soon ceased to have any real meaning, as more and more "poor" and "middle" peasants suffered a similar fate.

The chief instrument in this crushing of the peasantry was the grain procurement programme. Evicted from their homes, stripped of most of their belongings, and herded into huge collective farms, the peasants were then ordered to hand over to the State their entire grain production. With nothing left for themselves and their families, they began to starve.

The Soviet authorities did their utmost to prevent all knoweldge of the famine leaking out. Nevertheless, from the eye-witness accounts of survivors and from other sources, Robert Conquest has been able to accumulate many vivid and harrowing footnotes to the general disaster. At one place in the Ukraine, a railway track needed rebuilding, where "people who had not seen bread for six months were to be paid 500 grammes a day, plus 30 grammes of sugar. But to get this much, a norm was set of digging eight cubic metres of earth a day, which was beyond their powers, and the bread in any case arrived the day after the working day: people died at work, or during the night." "In 1933, about 150 dead bodies a day were gleaned in the streets of Poltava."

Sometimes, cold figures are enough to show the scale of the calamity: "The number of Kazakh households declined from 1,233,000 in 1929 to 565,000 in 1936." (If the Kazakhs were among the worst sufferers, it was because of the regime's blind determination to impose collectivisation on a nomadic people.)

There are many accounts of villages entirely deserted and overgrown with weeds, or peasants being arrested for gathering a few husks from their own fields, of thousands of others trudging into the cities in search of food and dying in the streets, of flat-top carts collecting the corpses for burial in mass graves. There were also cases of cannibalism. Soviet statistics are notoriously unreliable (a census taken in 1937 was never even published), but by extrapolating from known figures, Mr Conquest arrives at a total death roll of between 14m and 15m.

It has sometimes been said that Stalin could not have known the true extent of the drama, but this is, of course, nonsense. Various Ukrainian Party leaders informed him of the mounting tragedy, and appealed for a lowering of compulsory grain deliveries, but in vain; and some of them were later arrested and purged. A number of courageous foreign correspondents, such as Malcolm Muggeridge and W. H. Chamberlain, published graphically detailed accounts of the peasants' sufferings, although these were routinely denounced in the Soviet press as "slanders."

Unfortunately, some others, in order to safeguard their resident status, either glossed over or ignored the reality; and it must also be said that Stalin, being a pastmaster in the arts of disinformation and the Big Lie, had little difficulty in enlisting willing dupes in the West, including Bernard Shaw, the Webbs, and the French radical leader, Edouard Herriot.

It can be argued that all these events took place half a century ago and should be laid to rest. But Mr Conquest takes a different view, and it is difficult to disagree when he insists that they "cannot be shrugged off as part of the dead past, too remote to be of any current significance. On the contrary, until they can be freely and frankly investigated the present rulers of the USSR remain—and ostentatiously so—the heirs and accomplices of the dreadful history recounted in this book."

Erik de Mauny

Soviet United soccer team. Marx holds the ball in the back row with Lenin next to him. It is one of many striking illustrations in a photographic biography of Trotsky by David King (Blackwell £25.00)

Ironically enough

THE ALLURING PROBLEM: AN ESSAY ON IRONY
by D. J. Enright. Oxford £13.95, 192 pages

IRONY HAS been present in so many good books for more than 2,000 years: what exactly is it? Unthinkingly, I feel I know where to find it: Plato's Socrates, Jane Austen and Turgenev are some of the favourite hunting-grounds. It is a sophisticated quality which can be very powerful: it makes me, naively, want to meet its author and it causes me to snap a book together at the end of a chapter and exclaim that it is horribly good. Irony is not necessarily cruel or pessimistic, but it does not belong with faith and it is not a good Christian quality. It is not the result of one-eyed vision.

D. J. Enright sets out to explore it more closely. As a poet and experienced man of letters, he has a marvellous range of ironic examples and incidents. He writes clearly and exploits all sorts of oddities, from his own experiences with the Electricity Board's cut-price tariff to snippets from the T.L.S. and previous turgid books on his subject. Aware of Lit. Crit's absurdities, he has given us a critic's reflective book. At times it may seem a trifle bookish, but his flow of ideas and his candidates for ironic qualities are often dazzling. Short chapters suit his progress through types of irony and counter-examples which are almost ironic. He gives us plenty of stories to relish and reminds us that a definition is curiously elusive.

Dr Johnson defined irony as "a mode of speech of which the meaning is contrary to the words." Philosophers would make hay with that notion, but he was thinking of one ironic mode, long identified by the ancient Greeks. In discussion, you or I can use deliberate under-statement. We know more than superficially, we seem to say. As D. J. Enright accepts, irony exists most often when an action or remark is being directed at another person who does not see that it is ironic. In this vein, it can be a gentle weapon, perhaps best wielded by Mr Bennet in Pride and Prejudice. It is a great deflator, the destroyer of other's misplaced certainties or inexperience. It is a splendid response to politicians, philistines, yuppies and one type of American.

There is also the irony of events. The future cannot be ironic: irony is a quality which is only ascribed with hindsight or with wider knowledge of the present. Here, too, it crops up when we know more, either more than our past earnest self, misguided in its efforts, or more than some partner who is only aware of part of the story. As D. J. Enright well observes, irony does not entail knowing better: we need only know otherwise. Deflating former certainties, irony is the sceptic's natural weapon. It can "help us to bear the sufferings of others"; it can also become the "self-awarded consolation prize of the defeated." It does not have to be "cruel" or "bitter." In this century two very different masters of irony were G. B. Shaw and Noël Coward: its tones are as varied as its users.

You see how suggestive this book soon becomes. On one point, however, I must add to it. D. J. Enright has little to say of tragic irony, that famous gift of classical Greek dramatists. He has nothing at all to say of Homeric irony, its antecedent. In literature, irony is Homer's invention. His poems exploit it so powerfully because they move between the knowing Olympian gods and the ignorant world of men. Forewarned by Olympus, we know more than Achilles or Hector: irony, a Greek word, is central to the pathos of the world's first poetic masterpiece.

Robin Lane Fox

In and out of office

MINISTERS AND MANDARINS: INSIDE THE WHITEHALL VILLAGE
by Jock Bruce-Gardyne
Sidgwick & Jackson. £10.95
252 pages

WHILE I was working at the Spectator in the 1960s, Nigel Lawson became editor and Jock Bruce-Gardyne a contributor. In those days Lawson used to drive a Jaguar very fast; Bruce-Gardyne preferred, and still does, a bicycle. But it was the latter who sometimes seemed remarkably patronising of the former. The reason was that Jock was already an MP and Nigel was still looking for a seat.

Times change. Bruce-Gardyne lost his seat in 1974, won another in 1979, then in what looks like carelessness lost that in the boundary changes of 1983. Lawson entered Parliament in 1974, became Financial Secretary to the Treasury in Mrs Thatcher's first administration, then Energy Secretary and has been Chancellor for the last three years. The highest office attained by Bruce-Gardyne was as a junior minister at the Treasury, 1981-83, though he is now in the House of Lords.

The sub-title of this book might well have been "Nigel and Jock," or vice versa. Their ideas on economic affairs are strikingly similar. They share a distrust of the Foreign Office and perhaps of foreigners. Both worked for the Financial Times. Bruce-Gardyne refers to the pair of them as "old buddies." Both in their own ways are eccentrics. It was one of the vagaries of politics that made one of them Chancellor and sent the other back to his typewriter.

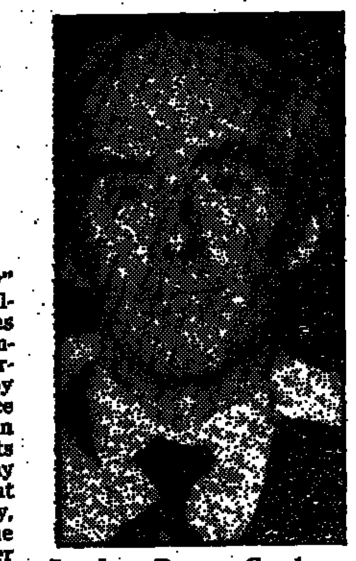
The actual sub-title, "Inside the Whitehall Village," is drawn from a book called "The Private Government of Public Money" (Heclo and Wildavsky, Macmillan, 1974) which describes Whitehall as a closely-knit community of introspective, sparring, and occasionally gossipy mandarins who owe allegiance to the corporate entity, but in particular to the departments to which they happen, at any given time, to be attached. That is Bruce-Gardyne's summary, although, as he admits, the television series Yes, Minister makes the same point rather more vividly.

There is something in it. But forget the theory. This is the story of a frustrated junior minister who knows how to write and is good at telling anecdotes. Not that he is bitter, but there is, he notes, the "sheer grind and penury" of the job to contend with. "A junior minister's lot is, like the policeman's, not a happy one . . . there was one law for the Cabinet and another for lesser mortals," like junior ministers.

One of the strangest stories he relates is that when he first became a minister the Whips' Office offered him a list of possible names for his Parliamentary Private Secretary, or dogsbody. It included Mr Norman St John-Stevas, who had recently been sacked from the Cabinet.

The Chancellor for whom Bruce-Gardyne worked was Sir Geoffrey Howe. There seems to have been remarkably little direct contact between them, and while the author does not say anything nasty about Sir Geoffrey, it is striking that he omits the opportunity to say anything very nice.

Somebody ought to have seen —the Chancellor or the Prime Minister perhaps—that whatever Bruce-Gardyne's qualities, he was not the most natural choice to put in charge of VAT and Customs and Excise. No doubt he could write very good articles about the anomalies in the systems, and he did discover in the course of his ministerial duty that GEC (of all companies) was causing trouble by persistently paying its VAT bills late, but the minutiae and the grind of all that were hardly his forte.



Lord Bruce-Gardyne: tales of the Treasury

He may have done better in his role of dealing with relations between the Treasury and the Bank of England, which is what the best part of the book is about. Bruce-Gardyne was a political heretic in thinking that the Bank should be more independent, not less. The trouble between Governor Richardson and Mrs Thatcher, he writes, was not so much a clash of attitudes as a clash of temperaments; rather like, he might have added, the clash between Mrs Thatcher and James Prior. "Imagination boggles," he suggests, "at the thought of what the climate between Bank and Treasury would have been like," had Richardson still been Governor when Lawson became Chancellor.

The junior minister, however, was allowed very little say in these matters. He was in the wrong slot and is better off, in every sense, as a journalist.

Malcolm Rutherford

Movie man in focus

A LIFE IN MOVIES
by Michael Powell.
Heinemann. £15.95 690 pages

MICHAEL POWELL, the most gifted misfit in British cinema, at last reveals all—or nearly all (one more volume to come) —in 690 pages of exhilarating autobiography. The director of The Thief of Baghdad, The Life And Death of Colonel Blimp, A Matter Of Life And Death, Black Narcissus, The Red Shoes and Peeping Tom has long owed us an account of his life: and an explanation of how, in a national film industry largely dominated by gritty realism, he has persistently produced flamboyant, highly coloured movies, with more than the odd flash of genius.

His memoirs are a joy. He talks as if the reader was in the room with him. "What? You have seen the film?," he says after describing Olivier's sensational stage début as Richard III, "Well, then, you have seen something. But imagine ! . . ."

He details his eventful upbringing, which sounds like a Powell movie in embryo (black comedy division): what with Grandpa going to prison for embezzlement, and he and his brother burning down the odd hayrick on his father's farm. And he relates the beginnings of his film career not as if recollecting them in tranquillity but as if leaping into them all over again.

Here is the man who worked uncredited with Hitchcock on the script for Blackmail. (He suggested the now classic chase through the British Museum.) Here is the man who depicted the workings of radar in a war film (The Lion Has Wings, 1939) several months before radar became a declassified secret. And here is the man whose search for perfection put actress Pamela Brown through 22 takes in I Know Where I'm Going just to get the right inflection for the apparently banal line. "Yes, but money isn't everything." "How do you *want* me to say it?" exclaimed the actress finally in near despair. "There is only one way to say it," commented Powell tartly, "and that is the right way."

After two decades of critical neglect, with the odd note of lofty derision thrown in (for the romantic or decorative "excesses" of The Red Shoes or Tales of Hoffman), Powell is now firmly back in fashion. He has been adopted as mentor by a generation of American movie brats, including Spielberg and Scorsese, and three years ago he was employed as a senior production consultant by Francis Coppola's Zoetrope Studios.

As a movie-maker, Powell's great attribute—and example—has been his fearlessness. In 1946, in the teeth of industry incredulity, he chose to shoot his Himalayan melodrama Black Narcissus entirely in a British studio. The result was a delirious visual tone-poem, comparable to the great works of German Expressionism. In 1960 he made a horror film about a Ripper-style murderer, Peeping Tom, whose emotional clout was such that contemporary critics could not see the thematic ingenuities and underlying seriousness for the surface grand guignol. They have seen them since, and the film has grown into a modern classic.

Much of Powell's story is yet to come. In this volume the author takes us up to the early 1950s, when he is in the last years of his collaboration with longtime partner and screenwriter Emeric Pressburger, and when The Elusive Pimpernel threatens to add a last vapid but decorative grace-note to their heyday. Little did history know. The second coming of Mr Powell is reserved for the second volume.

Two years ago I visited Powell at his then home in Greenwich Village, New York. Though he was at work on this book, he took time off to give me lunch, an interview and his invariable exhortation—"Go out and make films, Nigel!" Powell's exuberance of spirit is like no one else's in cinema. Most filmmakers, when bearded by film critics, cannot get rid of them fast enough. But for Powell, everyone interested in movies, from those who make them to those who write about them, are part of a giant conspiracy to promote the 20th century's only new art form.

Nigel Andrews

The Boathouse at Laugharne

Wife to Dylan

CAITLIN: LIFE WITH DYLAN THOMAS
by Caitlin Thomas with George Tremlett. Secker and Warburg. £10.95, 211 pages

CAITLIN THOMAS, married for 17 years to Dylan Thomas, until his death in 1953, has already written one book, Leftover Life to Kill. Now years later comes this one, not so much written as dictated agonisingly into a tape-recorder with George Tremlett operating the pause-button, and pulling the streams of fluent, bitter total recall into some sort of shape. Inevitably, there is much repetition, but also much that is horrifyingly absorbing.

As everyone knows there are always three sides to the story of any marriage: His, Hers, and the Truth. Here we have Hers with nothing kept back this time: particularly when it comes to the characters of former benefactors like Richard Hughes and his wife, and A. J. P. and Margaret Taylor.

Not merely did the affair begin in a pub, it remained rooted in pubs for the rest of its course, and for the whole of their subsequent marriage. They did not have anywhere they could really call a home of their own, in spite of their family of three children, until they moved to Laugharne; but that was years later, after Dylan had become a world-famous celebrity with the publication of Deaths and Entrances and the broadcasting of Under Milk Wood.

All the ugly rumours that we heard about him at the time turn out to have been true: all arising from his congenital incapacity to take any kind of adult responsibility for anything except the words he committed to paper. Somehow Caitlin Thomas succeeds in convincing the reader that in spite of this chronic weakness, in spite of his long series of betrayals, great and small, she continued to love him even as their marriage crumbled to almost nothing as he became the permanently absent one, the darling of the American lecture circuit with a girl on every campus and a regular mistress in New York.

Yet during the time of some of his worst excesses he was writing some of his greatest poems, A Refusal to Mourn, Fern Hill, Do Not Go Gentle.... It is as if they were written by someone quite other than the drunken, randy little monster who stalks the pages of Caitlin's book. Perhaps, though, there is one exception: an obscure erotic poem written c. 1944 entitled "Into Her Lying Down Head." The poet speaks there of "broken marriages In which he had no lovely part," and of how "his faith around her flew undone"; but in spite of its sexual violence and double-betrayal, the poem ends on a note of exquisite tenderness. For the first time one begins dimly to understand what that particular poem is about.

Anthony Curtis

WYNFORD VAUGHAN-THOMAS, president of the Dylan Thomas Memorial Trust, will be visiting Laugharne on Monday to launch an appeal for £250,000 to preserve the Boathouse as a permanent memorial to the poet. It was there that some of his most famous poems were composed. Caitlin Thomas will be returning to Laugharne for the first time in 30 years. •

Up from Down Under

GIVING IT AWAY
by Charles Osborne.
Secker and Warburg. £15.00, 324 pages

HOW THIS refugee from Brisbane could ever have agreed to become a cultural bureaucrat is incomprehensible. Or, rather, it would be incomprehensible if he had. But in a fashion hardly to be expected from someone who once played the organ in a Methodist chapel, Osborne contrived, in 20 stormy years as Literature Director of the Arts Council, ended recently, to don civil service boots and then kick clients, critics and colleagues with impartial zest.

Suffice to say that he arrived in Europe from Australia, nudging 25, an accepted poet, an experienced actor.

For years he existed perilously by acting, writing and broadcasting, before getting off the financial tightrope with a string of successful books to his name.

Charles Osborne moves into overdrive with a succinct account of the Arts Council's origins and progress (or retrogression, whichever way one looks at it). The personae of the cultural and social worlds fill the reader's bowl in a plenitude that would induce dyspepsia were it not for the digestif of witty, waspish irreverence that invests almost everything he has to say. Prejudices are aired engagingly and uninhibitedly. Human weaknesses are noted in almost anyone the author has ever met —though not Lord Goodman, who emerges as a candidate for instant pre-demise canonisation.

Osborne dislikes the Japanese, the Regional Arts Associations (with justification) and, endearingly, a number of institutions and individuals for no cause beyond the eminently sensible reason of disliking them. He stoutly defends his case for the disbursement of public money, his support for the New Review magazine, and his concept of a State publishing house. With considerable courage in one who frequents the groves of the liberal-progressive alternative Establishment, he utters what so many harbour as unspoken thoughts on "elitism," racism and other fashionable topics, tweaking the ears of an assortment of sacred cows.

Laurence Cotterell

Chronicle of colleges

HISTORY OF THE UNIVERSITY OF OXFORD
Volume III: The Collegiate University. £60.00, 775 pages; and Volume V: The Eighteenth Century. £75.00, 949 pages. Oxford University Press

THE BRAVE enterprise of the University of Oxford in re-writing and presenting its history, in these discouraging times, proceeds on its stately way. Here are two volumes, splendidly produced and illustrated; it is a tribute to Oxford's world-wide influence that the first is edited by a Canadian scholar, and the second largely directed by a South African of Scottish descent. Its scholarly resources and materials available have been well deployed and orchestrated. Behind it all is the great advantage cited in the General Preface: "It is to be doubted if any private institutions have been so fortunate in attracting the attention of antiquarians and historians."

Reading these two volumes together, almost against each other, is a curious experience, they afford such a contrast, yet with continuous themes in common. The Tudor volume is the more exciting, if that is the word for so solemn and scholarly a work. The 16th century was much more distubed, even revolutionary, with the Renaissance emergence from the Middle Ages and Reformation. The university encountered some sharp ups and downs, and had some narrow escapes.

At the same time this was a formative period, with the Corpus Christi. Later in that century came Trinity and St John's, Jesus and Wadham. Professor McConica rightly makes the dominating theme of his volume the Rise of the Colleges. What was characteristic was the marshalling of students into the colleges, where they could be properly disciplined and made to work, as against medieval indiscipline (more like a modern university).

Cambridge profited from the Reformation: Oxford partly lost from it—when one notices the number of distinguished Fellows who went into exile (rather mistakenly). Things settled down in Elizabeth's long reign. One thing this volume puts right is the misrepresentation of the much-maligned Leicester as Chancellor of the university. He did his duty conscientiously, he was Elizabeth I's favourite, people fail to realise that he was a good servant of the state.

The great Queen herself comes less well out of it: again and again she was pressing colleges to make over beneficial leases, to their disadvantage, to her appointees—All Souls, for instance, for the benefit of Sir Walter Raleigh. Nothing came from her like the great generosity of Mary Tudor to Trinity College, Cambridge.

Oddly enough, we know less about Oxford in the 18th century. It has been usually written down as a torpid period, largely on account of the disparaging remarks of Gibbon, written, I suspect, partly for comic effect. His tutor well remembered that he had a salary to receive, and only dalen . . . decent, easy men who supinely enjoyed the gifts of the founder," etc. This volume corrects those slurs. Anyway, the young Gibbon had the college library to read in, and we know that he did.

So, too, Sir William Jones, as a student, made the greatest use of the Bodleian Library—to become the prime Orientalist of his age—what Indian scholarship, and even nationalism, owe to him is immeasurable. And this goes back to the Oriental collections and benefactions of Archbishop Laud, greatest of our Chancellors.

Any visitor should be able to see that Georgian Oxford was not asleep for we owe to it most of the buildings in themselves most beautiful: the Radcliffe Camera its grandest monument, the noble palazza of Queen's, all those libraries, halls, chapels, quadrangles, like Peckwater, Worcester, the Hawksmoor work at All Souls. Oxford was transformed; as our leading architectural historian, Howard Colvin, says: "the result was to put Oxford, for the first time since the Reformation, in the forefront of English architecture."

And what about the worldwide influence of Wesleyan Methodism, springing from Georgian Oxford? Sleepy? No man ever slept less than John Wesley — except perhaps Napoleon.

It is true that Oxford — put wrong by the fatuous James II —made the mistake of backing Jacobitism. This so shocked the great William Pitt of Trinity, Oxford, on a visit, that he sent his son to Trinity, Cambridge.

Ten tempestuous years at the NT

OCTOBER 25, 1976 was a funny old day. It rained and gusted somewhat, the pound sterling gave its worst performance since the recent devaluation, and the Queen officially opened the new National Theatre on *the South Bank.*

There were fanfares, red carpets and a right unroyal raspberry in the shape of Goldoni's *Il Campiello*, a disastrous production on the Olivier stage that made most of us wish we were sitting next door in the Lyttelton watching *Jumpers* with Princess Margaret. Judging by the look on her face, the Queen would have been happier still knitting them.

Olivier appeared on the stage named after him to deliver a tortured address (almost as tortured as the National Anthem arrangement that preceded him) and to congratulate Peter Hall on the durable cladding of his foot "when he put it in the door." In spite of delays, rising costs and the rumblings of industrial dispute that were to culminate in an unofficial strike and the closure of all theatres in 1979, Hall had bullishly opened the second auditorium, the Lyttelton a few months earlier.

Tonight, as the foyer buzzes in anticipation of S. N. Behrman's *Jacobowsky and the Colonel* in the Olivier, Neil Simon's *Brighton Beach Memoirs* in the Lyttelton, and David Hare's new double bill in the Cottesloe, Hall can allow himself a slight pat on the back. The popular and justifiable perception is that the National Theatre is a success. Hall, like the old star in Sondheim's *Follies*, is still very much "here." The various audiences will be offered a slice of birthday cake as they leave the building.

The building I've never been sold on. "Kafka's Castle made real" cried A. J. P. Taylor at the time. But at least you can park in comfort; the restaurant, snazzily revamped as "Overtures," has improved steadily over the years; the bookshop areas are pleasant enough; the Lyttelton buffet a positive virtue. I still dislike the noisiness of the Lyttelton reception area (the glass and concrete both muffles and bounces back the music-making and general babble) and there is never sufficient available seating.

But tourists and the general public have voted with their feet for the place as a desirable amenity, even if, whenever it rains, Denys Lasdun's grim concrete exterior assumes the appearance, as you approach it across Waterloo Bridge, of a stained and dismal canning factory.

Inside, the Olivier is the most exciting auditorium, a fan-shaped thrust that, when it is used properly, belies Kenneth Tynan's belief that the proscenium stage should have taken precedence. The two most popular NT shows have been staged in the Olivier—*Guys and Dolls* and (ending at last on November 20) *Pravda* — and Hall himself has done his most adventurous and exhilarating work here, the masked *Oresteia* and the McKellen *Coriolanus*.

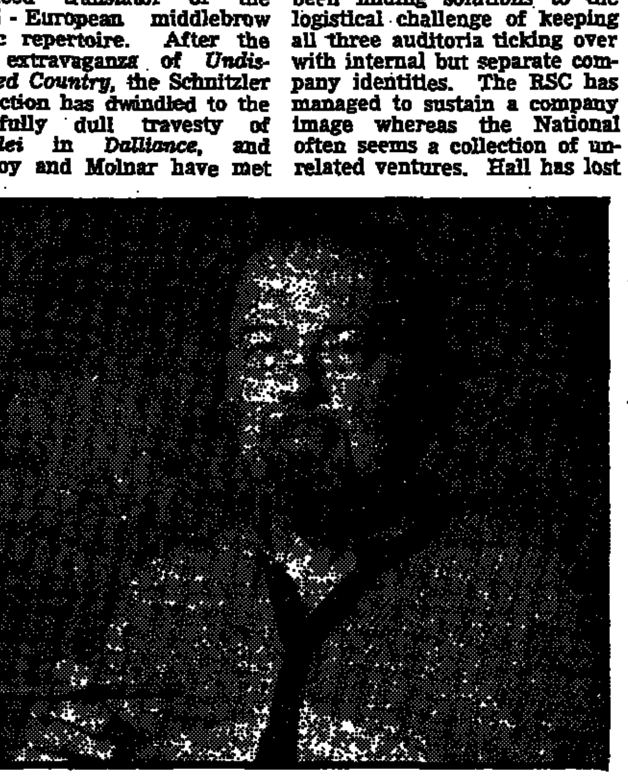
The Cottesloe is often thought of as the studio, but it holds as many people as does the Royal Court (about 400). The design consultants have complained ceaselessly that Hall was wrong to paint it black. On timid nights, the blackness becomes a problem. On others, notably the series of Bill Bryden productions stretching from *Lark Rise* and the O'Neill season to the triumphant *Mysteries*, it has seemed the most perfect airless bunker in the world.

About the Lyttelton I am heretically unrepentant. The design miscalculated the architectural proportions and added insult to injury by making a "feature" of the auditorium's "concreteness." Proscenium production always entails a distancing presentational coldness between audience and players. But, too often, the Lyttelton players are too far away, and the productions there, over-designed and crammed to fill the vasty acres of stage space, resemble museum items viewed through the wrong end of a telescope.

Sir Peter Hall, like the old star in Sondheim's Follies, is still very much "here." As the National Theatre celebrates a decade on its three stages in Sir Denys Lasdun's building on the South Bank, the popular and justifiable perception is that it is a success. Tourists and the general public alike have "voted with their feet" for the National Theatre as a desirable amenity—and tonight its various audiences will be offered a slice of birthday cake as they leave.

There have been successful Lyttelton shows. I remember particularly Hall's *Importance*, Judi Dench rescuing Lady Bracknell from the Edith Evans monopoly; Pinter's generally underrated *Betrayal* (a play whose qualities may only have been fully revealed in the David Jones film); solid but unsensational Shaw (*The Philanderer* and *Mrs Warren's Profession*); ditto, Priestley and Pinero (the current *Magistrate* is acceptable rather than earth-shattering).

But the Lyttelton has also been the temporary graveyard of one of the National's most distinguished discoveries, Tom Stoppard. Tynan plucked Stoppard for Olivier's Old Vic National in the mid-1960s; on the South Bank, Stoppard has operated as an indifferently produced translator of the mittel-European middlebrow classic repertoire. After the lush extravaganza of *Undiscovered Country*, the Schnitzler connection has dwindled to the dreadfully dull travesty of *Leibelei* in *Dalliance*, and Nestroy and Molnar have met unhappy ends in *On the Razzle* and *Rough Crossing*.



The National, in short, has failed to sponsor Stoppard's development as a dramatist. His best new work—*The Real Thing, Every Good Boy Deserves Favour*, the Havel *Largo Desolato* translation—have been produced, respectively, by Michael Codron, the RSC and the Bristol Old Vic. This state of affairs, of course, could change next year.

Like Alan Ayckbourn, the other chief brand name British dramatist, Stoppard is in demand, and rightly so, all over Britain and the world. But his National association has been far less impressive than Ayckbourn's, whose *Bedroom Farce* and *Chorus of Disapproval* (I shall spare you a memory-jog over *Way Upstream*, the waterlogged apocalyptic catastrophe) have been South Bank highlights. Ayckbourn, who has had differences with his home town base of Scarborough, is sinking anchor at the National, running his own group and opening out the comic repertoire with an overdue revival next month of one of the great Aldwych farces, *Tons of Money*.

One of Hall's problems has been finding solutions to the logistical challenge of keeping all three auditoria ticking over with internal but separate company identities. The RSC has managed to sustain a company image whereas the National often seems a collection of unrelated ventures. Hall has lost various important collaborators: in the early days, directors Michael Blakemore and Jonathan Miller, more latterly Harold Pinter (who had a couple of flops as a director then rowed with Hall—the man who had directed all his major plays—after some innocuously affectionate but misinterpreted remarks in Hall's 1983 Diaries).

The strongest remaining enterprise within the group system launched a couple of years ago is the David Hare/Richard Eyre set-up. The Peter Wood group, despite the overdue success of Arthur Miller's *The American Clock* (moving in December from the Cottesloe to the Olivier—stern test), is a strangely nebulous adventure. Ayckbourn's group seems to be trespassing on, or at least duplicating, the middlebrow comic targets of the Jonathan Lynn group; Hall's company is drifting oddly towards Adrian Mitchell (Richard Eyre territory, surely).

The *retrospective exhibition* opened benignly by John Gielgud on Monday contains fascinating pictorial records of the NT's backstage industry. Ironically, the occasion was picketed by carpenters and metalworkers whose livelihood is the subject of a proposal to "contract out." Hall must shudder in his office with memories of the 1977 six day strike when a plumber's dismissal led to widespread dispute and a financial crisis.

The NT has a staff of 550 people, only 100 of whom are actors. It is a state-subsidised bureaucracy, receiving £7.8m from the Arts Council, £3m of which goes on building maintenance and running expenses. It has won over 100 Awards in 10 years. It was voted for by national decree and an Act of Parliament.

But there still remains a feeling that perhaps we don't really want it after all. It is my belief that the National Theatre can only justify its existence in just such a climate of doubt, suspicion and seriously argued dissent. Its creative days would surely be numbered by a vote of overwhelming confidence, even if that might occasionally seem preferable to the spiteful, ignorant campaigns currently waged against all subsidised art from certain Philistine bastions of the Press.

Michael Coveney

Alastair Muir

Nigel Terry and Fiona Shaw in "Much Ado About Nothing"

RSC troupes Britain

NATWEST'S public atonement for vandalising the London skyline proceeds apace. Disregarding the unwritten rule limiting major sponsorship to three years, NatWest has already announced that its support for the Royal Shakespeare Company's small-scale national tour will continue next year.

The present tour roams Britain until February, erecting its own auditorium in sports centres, leisure complexes or whatever large space is available. Local sponsors must be heartened by the public response. Last Thursday's matinée and evening performances in Yorkshire were packed.

A brace from the Bard adds a fillip to Ripon's 1100th anniversary festival year. The City School's fine gymnasium spaciously housed the thrust stage and light-coloured panelling of Di Seymour's set. In *The Merchant of Venice* tall, rounded arches, reminiscent of both syngagogue windows and more mercantile arcades, are filled in with filing cabinets and piles of documents. The stage is flanked by chests and boxes, minimal furniture comes and goes. For *Much Ado About Nothing* the arches frame a blue and white marbled background. A rocking chair and straw hats set the scene for a sunny, almost Caribbean Messina. Both shows are handsome, both boast live music well played by a trio (percussion, wind, piano/guitar) under Jack Davies's direction. Jeremy Sam has composed lazily sinuous syncopations, vaguely Latin-American, for Messina; and trite tootlings for Venice where would-be elegiac wistfulness sounds like Fauré with constipation.

Both productions are straightforward and eschew the usual cuts. Predictably, *The Merchant*, a theatrical problem for our time if the ever was one, here entrusted to the less exeprienced director, emerges as cautious and colourless.

Roger Michell's production is set in late Regency/early Victorian times, an epoch of frock coats and stove-pipe hats, for no apparent reason apart from lending a Byronic dash to the young bloods of Venice and allowing the doddering old Prince of Aragon to hobble on in the white wig and knee-breeches of the *ancien régime:* a nice idea — but without the Hoffmanesque romanticism suggested by the period.

The text is played straight. Shylock is cultivated, quiet and reasonable, with presumably banked fires of resentment waiting to blaze up (though blazing seems not quite within Nigel Terry's capacity). Everything emerges as controlled, bloodless and well-bred, if rather unpleasant (Gratiano really *is* a jeering pig).

Mr Terry's unimpassioned Shylock is cleverly made up as a lemur, though the significance of this ring-eyed furry-muzzled little creature escapes me. The chief disappointment of the midweek matinée was Fiona Shaw's perfunctory Portia. Patently harassed by her inheritance and that casket business, this Lady of Belmont knocks back the plonk and adopts Miss Shaw's native brogue — rather too rapidly for much character to emerge. She looks good in frock-coat and striped trousers; but there is no more fire than in animated run-through.

Jessica is played by Rachel Jones, a graduate of RADA that now evidently teaches breathy intensity and plaintively drawn-out whining instead of voice production. Her Lorenzo is her match in mannerism: Paul Rhys preens and postures so as to arouse dire misgivings for the future of their marriage. The tour's discovery may well be Paul McCleary whose dapper Young Gobbo and trimly geriatric Verges are stylish, intelligent and unexaggerated.

Much Ado finds the company in happier form. Ron Daniels's production has a slight touch of the contrived funnies—as when the eavesdropping Benedick wraps himself in a tablecloth and crawls round the garden—but, one rather gimmicky scene in a Turkish bath apart, relies on the comedy of character to remind us of the play's charm. Beatrice is right up Miss Shaw's street in its mixture of angular spinsterishness, wit and ill-conceived warm-heartedness.

She plays well with Mr Terry's crusty, pompous Benedick, a born bachelor who can darn his socks. A straggly and unmilitary hairstyle clashes with the pre-Napoleonic uniforms, but the Terry-Shaw partnership excels at mellowness and adult self-discovery that, with the costumes, recall an Austen novel. Simon Dutton is a strong villain (though a beefily unpoetic Bassanio in *Merchant*), Jacqueline Dankworth is a touching Hero. Mr Rhys's grubby white trousers (in two plays running) and the odd delayed lighting and thunder cue are the only indications of the rigours of touring.

Martin Hoyle

Opera

Queen Christina sounds good

THE outstanding event of Stockholm opera this autumn is a new opera based on the life of the most famous Swedish historical personage. *Christina*, in two acts and 14 scenes, is a Swedish Royal Opera commission from Hans Gefors, the 33-year-old Swedish composer. There has evidently been exceptionally close collaboration between him and his librettist (the leading Swedish author and playwright Lars Forsell) and producer (Göran Järvefelt, of Welsh *National Ring* renown)—the handsome libretto book published by the Royal Opera also contains a fascinating blow-by-blow record of the opera's four-year gestation period.

The result bears out this collaborative closeness. *Christina* is a big work for a big company: it requires a large cast and orchestra, lavish resources of costume and stage device, and above all the kind of permanent-company ensemble that Stockholm still vigorously maintains

Yet after no more than a single encounter, and in spite of the obvious difficulties that a non-Swedish speaker must suffer with an unfamiliar Swedish language work (and with only English scene-synopsis to hand), I feel encouraged to pronounce Gefors a lively new voice on the operatic scene. It's by no means clear where he will go from here; but wherever it is, it should be worth following.

A British visitor expecting the Swedish equivalent of *Gloriana* was firmly disabused of the notion well before the start. The libretto of *Christina* is a "dream play," a psychodrama on national themes. Historical epic was never its aim; the facts and events of Queen Christina's extraordinary life and personality are all theme — but juggled with, refracted, telescoped, at times even bent.

The nodal dramatic device of the opera — a splendid stroke of dramatic invention — is the triple presentation of the title role, Christina as brutally treated child (silent role), as woman (the largest part, alto), and in old age (mezzo). At the close, the three face each other in a memorable moment of dramatic encapsulation. Altogether, this is a striking libretto, powerfully imagined, poetic and colourful; but the structure is unwieldy (the first act, set in Stockholm, last an unbroken 90 minutes, followed by the hour-long Roman second part). The discontinuous narrative technique throws up some harshly and sometimes violently effective details, and some strong confrontations—between, for instance, the young Christina and the aged Descartes — without in the end wholly justifying the psychological elaboration of the central character thus attempted.

Gefors is a "post-modernist." He uses, with light-fingered, immediate effectiveness, a large assortment of disparate musical materials — song and dance forms, choral-motet forms, solo-against-group forms, a quintet-with-choir to close the first act. Seventeenth-century sounds and styles inform every respect of the score; an electronic tape sets the scenes in quotation marks; for the confrontations of leading characters the idiom engages with tonality without ever going the whole New Romantic hog about it.

In the range and scope of the opera one senses a compositional *glückliche Hand*—and very remarkable it is too, in someone so young and so untried; the scene between Christina and Descartes, which moves from grave diatonic sweetness to a more troubled language in parallel with their conversation, is perhaps its most startlingly fresh and unexpected example. Henze appears to have been a strong influence on the balance of "period" and present-day scoring techniques; similarly, there is a delight in all the things opera can do that is Henze-like (and that perhaps led Gefors to the over-elaborateness of his first act and the awkward pacing of his second). The lines sing, the instrumentation is "heard." With all its hazards this must have been a rewarding company task to tackle.

The premiere certainly left that impression. Järvefelt's production, in Kathrine Hysing's vividly contrasted, flexible designs, is a superb piece of work. The conducting of the Stockholm-based American Gary Berkson, and the playing and choral singing, were confident. Among the huge cast one noted with particular pleasure the appearances of such Swedish Royal Opera regulars as Helge Brilioth (Spanish ambassador), Curt Appelgren (Oxenstierna), Gunilla of Malmborg (Christina's mother), Sten Wahlund (Descartes), and Per-Arne Wahlgren (The Stranger).

As the young Christina, Birgitta Svendén (whom I first heard in the Peter Hall *Ring* at Bayreuth) was impassioned, tireless, vocally commanding over a wide compass. But it was left to another Swedish veteran to provide the sharpest "kick" of the whole experience. The 55-year-old soprano Margareta Halin came out of retirement to play the old Christina; the voice has its worn patches, but the tetchy magnetism of her presence makes them supremely unimportant.

Max Loppert

Cheltenham winds up with debate and song

THE LAST days of this year's festival drew perceptibly nearer to the year's expressed theme, the connection between theatre and literature. No one went so far as to suggest that the theatre might itself *be* literature, though Martin Esslin, in a talk, called "Theatre and Literature," conceded that plays might be written for reading as well as for acting.

Peter Gale combined the two factors in his piece about Gerard Manley Hopkins, in which he presented a biography of the poet as a one-man play, and very nicely too. The enthusiasm with which he read the poems hid the unavoidable fact that they are not always easy to understand. There was the annual Shakespeare Lecture the following day, Professor Barbara Hardy on Self-consciousness in Shakespeare's Art. The previous evening, Richard Ingrams had told us, among other things, the origin of Pseuds' Corner, and, though I learned something from Professor Hardy, I fear she might have slipped into that column had Mr Ingrams remained behind.

The theatre really came to the fore on Saturday, when Michael Billington presented the annual Cheltenham Prize. This very sensible award can go to a literary creation of any kind, and this year's went to Frank McGuinness for his play *Observe the Sons of Ulster marching towards the Somme*. Cheltenham must seem as alien to a Royal Court writer as Chichester, but Mr McGuinness settled down happily with us, and, his award tucked, as it were, under his arm, joined the next discussion, a debate under Mr Billington's able chairmanship on Our Theatre in the Eighties.

The debaters were playwrights Howard Barker and Louise Page, actor Ian McDiarmid and actor-turned-director Di Trevis. They were (I think) at one in believing that our playhouses should present more new and better plays, and that more resources should be available to theatres out of London. These were exactly the thoughts that occupied us when I was on the Drama Panel of the Arts Council 20 years ago. What neither we nor this panel (which did not include anyone responsible for paying bills) was able to do was to devise a way of persuading the playgoers to come to these new, better plays when they only wanted a happy evening out. John Doyle, the Artistic Director of the theatre on whose stage the debate was held, explained just how much of the Arts Council's plenty went on such trivia as heating, lighting, box-office staff and so on, but these are not artistic matters, and playwrights, actors and directors can hardly be expected to attend to them.

Theatre occupied almost all the final day. There was Martin Esslin putting theatre in its literary place; there was a reading of Samuel Beckett's *Molloy* for two voices (Leonard Fenton and Sean Barrett), followed by a talk on Beckett by his publisher John Calder. In the evening there were two short one-act, one-actor plays by Howard Barker. "Don't Exaggerate," magnificently spoken by Ian McDiarmid apparently naked under his overcoat, presented the thoughts of a dead soldier who cannot understand what he died for. "The Breath of the Crowd" is a cycle of poems examining the relationship of the individual and the mass. Maggie Steed read it most beautifully, its first public hearing. I often disagree with Howard Barker's opinions, but I admire his writing more and more.

So much for theatre. How about literature?

There were talks, some of more interest than others, on William Morris's wife and daughter, on women short story writers, on women on women, on the way in which one embarked on a writing career (poet Ursula Fanthorpe and novelist David Cook both made it sound easier than it generally is), on the adaptattion of novels for television. Martin Stannard spoke on Evelyn Waugh, Michael Hoyroyd on Virginia Woolf, Bey Mooney on George Eliot's journalism. Paul Muldoon, Peter Redgrove, Penelope Shuttle, John Cooper Clarke and Fiona Pitt-Kethley read their own verses.

The Cheltenham Lecture, as admirably uncommitted as the Cheltenham Prize, was given by Richard Ingrame. Naturally one expected him to talk about Private Eye and so he did, a bit, but he was more concerned with his ventures as a biographer. John Mortimer was billed simply as John Mortimer; he spoke about himself and his writing, with plentiful extracts read by himself with the wit and the style he can allow himself more freely outside the courts. P. D. James gave a very interesting talk on the art of crime and detective novels, two categories not quite the same. On Sunday evening the Festival wound up with a celebration for Laurie Lee, the patron saint of Gloucester letters, in which 40-odd poems and tributes were read by the poets or by Cherie Lunghi and Leonard Fenton. Johnny Coppin at the synthesiser sang two of his own settings, one of Laurie Lee, one of Frank Mansell. I hated both of them, but I hope they become silver discs and make fortunes for the witers of the lyrics.

B. A. Young

Radio

Play with problems

All's Well that Ends Well is not Shakespeare's most popular play, and the production directed by Martin Jenkins of Radio 3 on Friday was not especially brilliant. All the same, it was top of the drama league for the week, with a scintillating Parolles by Nickolas Grace, a sympathetic Helena by Maureen O'Brian. Michael Angelis could not make much of the clown, but Lavach is not the funniest clown in the repertoire. This is not an easy play for radio, with its numerous scenes for assorted lords, soldiers and gentlemen, but they came over clearly enough. Indeed, the plot, complex enough to earn the title "problem play", came over most explicably, though I do not understand why Helena was given Bertram's line, "Where are my other men?" There was a problem indeed.

The two principal plays of the week were Radio 4's Saturday and Monday offerings. On Saturday we had *Between the Gates*, by Hugh Stoddart from a book by George Lee. By no means a characteristic matter for a Saturday, this dealt with the campaign of the Holy Roman Emperor Frederick II against Pope Gregory IX. That is to say it dealt with people concerned in that affair, but the story was more interested in the love of Frederick's English wife and her lover Richard. As Jane Morgan directed it, the play sugested the 16th century rather than the 13th century, with an occasional dash into the late 20th — "Didn't you slip him a sleeping draught?" was a not uncharacteristic line. Edward de Souza gave a good reading as the Emperor's Chancellor Peter della Vigna.

On Monday Radio 4 gave an untypical Monday play, Dawn Lowe-Watson's *The Crossing-keeper's House*. Laura (Jennie Stoller), caught in a snowstorm, takes refuge in an isolated house occupied by a single man, Adrian (Richard Pasco). He is withdrawn, she is bossy and inquisitive. They very slowly get to know one another well enough to share a bed. The snow melts. Miss Lowe-Watson should have remembered Chekhov's rule that, if there is a gun on the wall, it must be fired. She included a noisy cat, a nightmare about death on the ice, a helicopter flying over the house. None of them had anything to do with the story. The playing was fine, but I lost interest in the two only-too-predictable characters in their only-too-predictable situation very early. Cherry Cookson was the director.

Mike Stott's *Dead Men* on Radio 3 on Tuesday was a revival worth reviving, a glimpse of life in the home of Michael Bakunin, the 19th-century anarchist, in his post-revolutionary days in Locarno. He writes ceaselessly, and translates the writing of others, but he is out of love with the revolutionary leaders, especially "Dr Marx." His chattering, lethargic household is joined by the young Nechaev; the reaction is encapsulated in this exchange: "He is the only man ever, in history, to have escaped from the Peter and Paul prison!" "Well done!" The conversation is beautifully written, the latent reaction between the talkers and the doers well imagined. Freddie Jones played Bakunin, Alfred Bradley was the director.

Often enough the logo NEW SERIES in the Radio Times only indicates the return of a well-established series, but we had two genuinely new ones this week. *Radio Times Comedy Parade*, late on Saturday on Radio 4, displays the five best entries in last year's Radio Times competition for writing *comedy*. The first was *You Start—I'll Join In*, a sketch about the life of freelance musicians. It was full of the kind of joke you might imagine from them, like "He looks like a record-cleaner."

Then there was *Hoax!* yesterday at lunchtime. Johnny Morris, Sheila Hancock and Michael Pertwee each told a little anecdote, and the studio audience had to guess which of them was untrue. As Johnny Morris asked us to believe that British Telecom had obliged him by cutting down a telegraph-pole and burying the lines underground, there was no difficulty about that, even though Michael Pertwee had misled us in the foreplay by saying "I'm a prude about lying." There were 10 new series in the week's radio. The most valuable of them, the return of *Drug Alert* to Radio 1, wasn't given the heading, but a daily box at the head of the programmes. These little accounts of what drugs do to young people are, to me terrifying.

B. A. Young

Chess solution No. 643

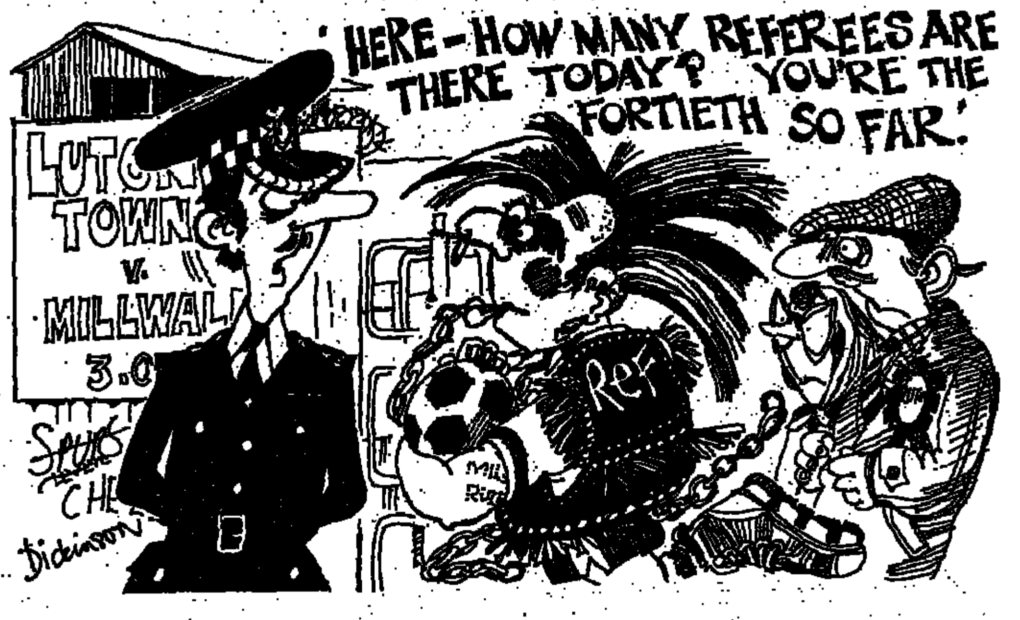
1 Q-K6 (threat 2 Q-KR6), N-N5; 2 R-B4, or if N-K5; 2 QxP, Traps are 1 Q-R8? N-KB6 or 1 QxBP? R-N3 or 1 Q-KB8? N-N5 or 1 BxN? R-N8 ch.

WEEKEND FT

• SPORT •

Soccer: **Brian Bollen** on Luton's brave attempt to combat hooliganism

Luton puts fun back into football



ARE THE Hatters mad? Or does Luton Town Football Club's ban on away fans demonstrate one way of saving soccer from death by hooliganism? Many people feel that the Football League Management Committee is foolish for expelling Luton from the Littlewoods Cup after the club refused to bow to rules which insist that 25 per cent of match tickets be made available to visiting fans, especially as the club has received qualified approval to operate its members only scheme in the vastly more prestigious FA Cup.

At the very least, the committee is probably a prime candidate for consumer campaigner Esther Rantzen's "jobs worth" trophy, awarded for the blind application of rules and refusal to countenance reasonable debate.

It could be vital for the future of football in England that Luton's one-year experiment is not sabotaged by men who prefer to bury their heads in the sand, rather than admit that desperate situations require desperate remedies.

According to Luton's chief executive, John Smith, the major catalyst for the experiment was the rioting when Millwall came to play Luton in an FA Cup tie in March 1985. "We couldn't wash our hands of what happened that night. People's property was damaged in organised violence. We allowed no visiting supporters in the stand last season, and this worked very well in the league. When we relaxed it for an FA Cup tie against Bristol Rovers in January, there was a stabbing, and 400 season ticket holders left before kick-off."

After just five games, the current ban on away fans looks a winner. The facilities at the ground might be little more than adequate, and the stadium's lack of design might give Terence Conran fans apoplexy, but it's suddenly a fun place to spend Saturday afternoon, even if the football is less than enthralling, as in the goalless draw with Norwich a fortnight ago.

The absence of chanting along the approaches to the ground makes for a relaxed and civilised atmosphere, and there is no tension—something rarely experienced at a football ground, other than for a pre-season friendly. Inside, things are also different. There is little or no foul language. The strongest abuse I heard in 90 minutes of First Division football came from one incensed fan who whispered "you dirty sod" at a Norwich player.

People are out to enjoy themselves, often with their families, and can do so because of the disappearance of hostility and the threat of violence. Len Homer of Milton Keynes is that much talked about but rarely encountered creature, a floating fan. He decides each week whether to visit Coventry, Leicester or Luton with his son and feels the ban will be well worth while. "I feel a lot happier without visiting fans," he told me.

Ron Devlin of Dunstable, a season ticket holder since the mid-70s, goes to matches with his wife and daughter, and is very much in favour. "Luton is the only club to make a significant effort to do something other than pack in extra police, dogs and wire fences. I don't miss visiting fans chanting abuse in my ears, although I do miss the banter from the terraces. People are coming back and I get the impression that more children are coming," he says.

Not only does the return of women and children mean that the crowd make-up is changing, but a radical change in crowd behaviour could also be under way. Throughout the match, restrained applause and sporadic, shortlived foot-stomping were the rule rather than vicious chanting, although there was a noticeable drop in temperature and noise level when Norwich launched one of their quick and clever but eventually harmless attacks.

Some familiar football elements are conspicuous by their absence. I counted no more than five policemen among a crowd of 10,000, all of whom were all watching the match, rather than scanning the crowd for signs of trouble, which is surely a triumph in itself.

What do other clubs think of Luton's attempt at purging hooliganism from what Pele called "the beautiful game"? Norwich are broadly in favour of a membership scheme, and effectively run one already for their new 3,000-seater stand. But manager Ken Brown comments: "What disturbs me is that if it is a success, are the likes of Margaret Thatcher going to insist this is what clubs must do? It could cause trouble. How do you keep Manchester United and Manchester City fans apart?" Speaking after a match that had put Norwich briefly on top of the league for only the second time in their history, Brown drew attention to the unfortunate side effects of the scheme: "I feel sorry for our genuine supporters who've waited donkey's years for this and can't be here this afternoon. Am I against the ban? I don't favour it. It will just push violence somewhere else."

This cosy theory, often cited as a reason for doing nothing, has been debunked by Luton's experience to date. Superintendent Geoff Turner of the local police cautiously reports: "The trouble hasn't re-emerged elsewhere." There has not been a single arrest at Luton Town so far this season. Last year there were 95, and 190 the year before. The police are starting to lay men off from football duty, and re-deploy them on proper policing jobs like chasing up unsolved crimes. In the view of Superintendent Turner: "Any system which stops people having running battles in the street every Saturday afternoon must be good."

Southampton Town manager, Chris Nicholl, who saw his team go down 2-1 at Luton in the second game of the season, feels it's an interesting experiment, but one with obvious drawbacks. "At big games, with a lot of fans and a good atmosphere, the away team is up against it anyway. It could be overwhelming if you have no fans behind you at all. Luton have fewer fans than other clubs but what would it be like in a Cup quarter-final with a full house. It must be unfair."

Leeds United, often in the headlines because of the thuggery of a section of their following, support the concept of a membership scheme. But club secretary David Dowse feels Luton have gone just too far. "Luton have not necessarily found the answer, but it may suit them and I applaud them in their efforts," he says. Queen's Park Rangers manager Jimmy Smith has mixed feelings and shows particular concern about the implications for basic civil rights. "Something has to be done to stop the hooligan element. But this also stops normal people going where they want to go. It's a sad day for football and for the people of a western democracy."

Some argue that banning fans is giving into the hooligans; but 10m fans have given into this small minority and deserted the game over the last 10 years. Luton's move could reverse that trend and it has the backing of Prime Minister Margaret Thatcher and Sports Minister Dick Tracey.

John Smith feels that the experiment is working already. "After five games the effort and hard work are paying dividends," he says. However, total attendances this season are slightly down. Last year, the average crowd at Luton was just over 11,000, with home fans numbering 9,414 and away fans 1,630. The average gate in 1986/87 to date is 9,532, which shows that the locals are slowly filtering back. This is clearly promising, especially as today's visit by Liverpool is the first this season by a real crowd puller.

Looking ahead, John Smith notes that the breakdown of the club's 19,000 members shows that over 15 per cent are 16 and under. "This is 5 per cent more than could be expected on previous experience. These people are the future of the game." Luton will continue with the scheme, he promises.

In the week the ban was announced, Cardiff City's managing director, Ron Jones, called his club's own fans "the scourage of soccer" for their antics at a match in Exeter; Glasgow Rangers fan, Ian Hamilton, was killed by a stone thrown at a minibus travelling back from Hampden Park, and Leeds United fans set fire to a fish and chip stall at Bradford City's temporary home, Odsal Stadium. It was unfortunate that the Football League chose to ignore public feeling and ban Luton from the Littlewoods Cup. That they chose to do it in a week of wall-to-wall violence by a "small minority" smacks — some may think — of stupidity.

Indoor Cricket: A likely tale, by **Peter Gillman**

We are the champions!

AT 9.30 this morning the world indoor cricket champions will step out on to the mock-grass surface of the Lords indoor cricket school to make the first defence of their title since winning it last winter. I shall have a privileged view of the proceedings as I shall be playing in the opening match for the champions, the renowned Lord Gnome's XI.

Just how a team with a silly name and with middle-aged journalists of modest cricketing ability playing for it became world champions of anything clearly requires an explanation.

Our team was formed in the roseate days of 1971 by the staff of the satirical magazine *Private Eye*. If it seems inconsistent that a group of people supposedly devoted to excoriating establishment values should do anything so bourgeois and conformist as play cricket, it should be remembered that *Private Eye* was mostly written by former public schoolboys who retained distant longings for aspects of the backgrounds they affected to despise.

The team was naturally known as Private Eye CC, and—in pursuit of some rural idyll that again betrayed its members' ideological ambivalence—played most of its matches on village greens in Oxfordshire.

Before long the *Private Eye* gadflies moved on to new and more fashionable pursuits, such as snooker, tap-dancing and lay preaching. The team survived, its places filled by friends and friends of friends — I was one —until we had only one true *Private Eye* member left.

Discerning that they believed us to be famous humorists instead of a collection of journalists, artists and other suburban layabouts, we felt obliged to change our name, choosing Lord Gnome's XI, after *Private Eye's* mythical proprietor.

In the past ten years, we have built up a full and diverse fixture list, retaining a strong sense of our roots through the two bank-holiday tours we make to Oxfordshire. And while growing old together — most of us are now over 40 — we have managed to maintain and even improve our skills.

This summer one of our members scored the first century of his life at the age of 48, while as a gentle offbreak bowler I have recently learned to bowl the mythical "arm ball" which floats away from the batsman in the air (I must admit it was England's spin-bowler John Emburey, whom I was interviewing for another purpose, who showed me how). To compensate for our declining athleticism we have recruited some younger members, several from among our own children — my two sons included.

Such is our enthusiasm that we all die a little when each September brings the end of outdoor cricket, aware that the number of seasons left to us can only be dwindling. We attempt to bridge the winter months, when darkness and soccer hooligans rule the land, by practising once a week in the nets of the MCC's indoor school at Lords — now the venue of the world indoor cricket championship.

Two years ago a new version of cricket arrived from Australia. Fast and furious, it is played with a soft (well, softish) ball in an indoor court 30 yards long and 15 wide. There are eight players per side, all of whom have to bat—without wearing pads—for four overs and bowl for two, with runs scored by hitting the walls. Batsmen who are dismissed lose five runs but stay to complete their four overs regardless. The game soon caught on and is now played at indoor centres throughout Britain. Not without misgivings at becoming involved in something so remote from the traditional game, Lords followed suit.

Lord Gnome's XI entered. In the first year's contest we were outplayed by established club sides who had better individual cricketers and who treated us with a certain disdain. Last winter we reconsidered our tactics, and realised we had the perfect combination of youth and wisdom at our disposal.

Our young players became our shock troops, batting aggressively and fielding in close positions; our old men relied on experience and guile. We won eight matches out of nine and topped the league by a considerable margin. We also laid claim to the title of world indoor champions. It is true that our claim has not received official recognition, but who else could the world champions be, other than the winners of the competition staged at the headquarters of cricket?

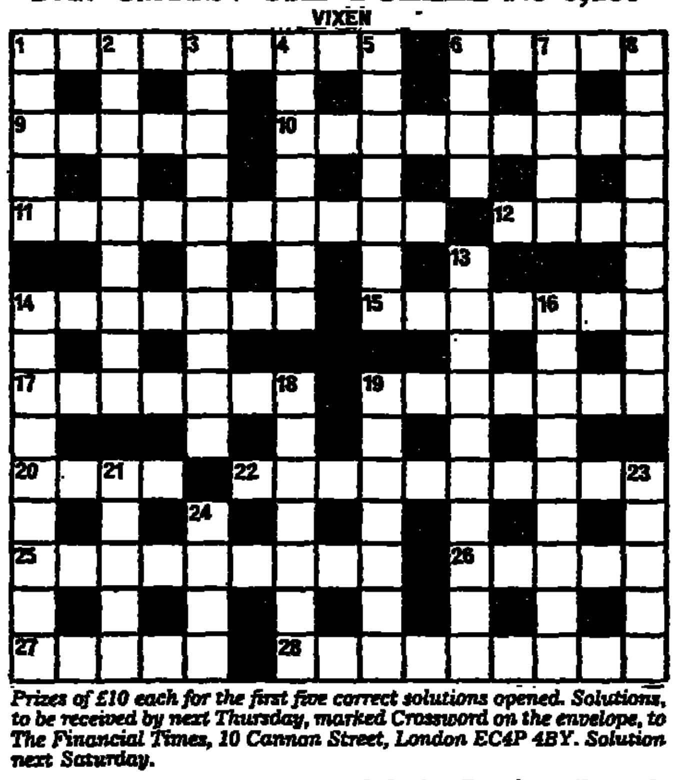
When we embark on our defence this morning we will be in the unfamiliar position of being the side that everyone wants to beat. However, we shall be playing under a considerable handicap, *for Lords have changed the rules.*

While every other indoor league in Britain is sticking to the Australian rules, teams at Lords have been reduced from eight to six a side, batsmen are no longer limited to four overs, and not everyone has to bowl. It will be far easier for good cricketers to dominate a game to the detriment of balanced teams of more modest abilities such as ourselves.

Deep down, we suspect that Lords were not happy that a team with a name and provenance like Lord Gnome's XI should be allowed to win anything. But we have limited ourselves to a dignified protest. Win or lose, we shall press on regardless, showing that we at least know how to play the game.

F.T. CROSSWORD PUZZLE No 6,160

VIXEN



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

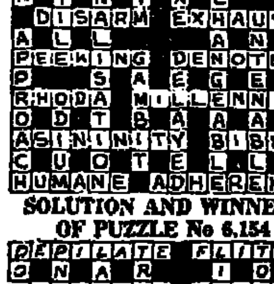
ACROSS

1 Taking action about news media appearing so gloomy (9)
6 Give instruction to a pirate (5)
9 Walk up this passage to a wedding (5)
10 Temperate but bent—isn't a convert (9)
11 Dispatch on a journey? (10)
12 Some avoid leisure activity, being lazy (4)
14 A man who's clever with words turns PE into a shambles (7)
15 The most tiresome of the French start looking in case (7)
17 Edward's out of debt—gets boring (7)
19 Pen tip required by a certain kind of writer (7)
20 Bearing with egghead, a good man (4)
22 ". . . .'s the very bond of love." Shakespeare (The Winter's Tale) (10)
25 Roisterer—dreadful bully (9)
26 The novice has a place in Tibet (5)
27 A complaint involving fifty boats (5)
28 The income maybe went, and men do badly (9)

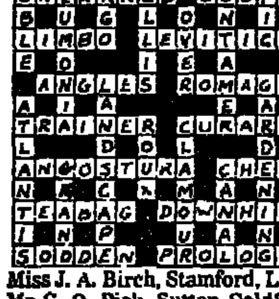
DOWN

1 Cover for many a cultivated plant (5)
2 Stopped on—could be put off (9)
3 Half of them finish at one on improvement being effected (10)
4 A beginner makes a point sharp—with little hesitation (7)
5 Record ring road contention (7)
6 By no means all expensive clothing looks fine (4)
7 A capital forward! (5)
8 Not the mixed drink for an African (9)
13 Guy's after dramatic work, though no friend of labour! (10)
14 Apparently accommodating one quite calmly (9)
16 Take out a line—time will be allowed (9)
18 A tree put to some use? (7)
19 Pay out all round America, hang it! (7)
21 The natural growth of street fighting reversed (5)
23 Bakery assistant as yet all at sixes and sevens (5)
24 A stud manager (4)

Solution to Puzzle No 6,159



SOLUTION AND WINNERS OF PUZZLE No 6,154



Miss J. A. Birch, Stamford, Lincs; Mr G. O. Pick, Sutton Coldfield, W. Midlands; Mr R. H. Jones, Manchester; Mr C. M. Scaife, Ruskin College, Oxford; Mr K. Middleton, Bristol.

TELEVISION AND RADIO

SATURDAY

† Indicates programme in black and white

BBC 1

8.30 am The Family Ness. 8.35 The Muppet Babies. 9.00 Saturday Superstore. 12.15 pm Grandstand including 1.00 News; Football Focus; Boxing; Rallying from San Remo; Racing from Newbury; Rugby League (Great Britain v Australia); Snooker (semi-finals of the Rothmans Grand Prix); and at 4.35 Final Score.

5.05 News. 5.15 Regional programmes. 5.20 Roland Rat—The Series. 5.45 Doctor Who. 6.10 The Noel Edmonds Late Late Breakfast Show. 7.00 pm Every Second Counts. 7.35 The Russ Abbot Show. 8.05 Casualty. 8.55 News and Sport. 9.10 Snooker. 11.30 Tennis (Highlights from the semi-finals of the Pretty Polly Classic).

BBC 2

11.25 am-1.30 pm Open University. †2.00 Film: "Deception," starring Bette Davis. 3.50 Laramie. 4.40 Snooker. 5.45 World Chess Report. 6.15 The Secret life of Paintings. 6.55 Newsview. 7.35 Saturday Review. 8.25 From East to West. †9.35 The Film Club (double bill of Fellini films): "8½," starring Marcello Mastroianni, Claudia Cardinale and Anouk Aimee and at †11.50 Film: "The White Sheik," starring Brunella Bovo and Alberto Sordi. 1.20 am The Rockford Files. 1.05 Film: "Berlin Tunnel 21," starring Richard Thomas, Horst Buchholz and Jose Ferrer. 3.20-6.30 am Grand Prix Special (Live coverage of the whole of the Australian Grand Prix).

LONDON

6.55 am TV-am Breakfast Programme. 9.25 No 73. 11.00 Knight Rider. 12.00 News. 12.05 pm Saint and Greavsie. 12.30 Wrestling. 1.20 Airwolf. 2.15 Comedy Classic: The Cuckoo Waltz. 2.45 Boxing. 4.45 Results Service. 5.00 News. 5.05 Blockbusters. 5.35 The A-Team. 6.30 Blind Date. 7.15 Saturday Gang. 7.45 3-2-1. 8.45 News and Sport. 9.00 Dempsey and Makepeace. 10.00 LWT news headlines followed by Hitchcock's "Vertigo" starring James Stewart, Kim Novak and Barbara Bel Geddes. 12.20 am Special Squad. 1.10 Bliss In Concert. 1.35 Night Thoughts.

CHANNEL 4

9.25 am A Question of Economics: Is Britain Going Bust? 9.50 4 What It's Worth. 10.20 The Heart of the Dragon. 11.15 Treasure Hunt. 12.20 pm Isaura the Slave Girl. 1.00 Channel 4 Racing from Doncaster. †3.00 "Ball of Fire" (Gary Cooper stars). 5.05 Brookside Omnibus. 6.00 Right to Reply.

6.30 The Great Australian Boat Race: The America's Cup. 7.00 News Summary followed by 7 Days. 7.30 Strangers Abroad. 8.30 Redbrick. 9.00 Paradise Postponed. 10.00 Hill Street Blues. 11.00 Queen: Real Magic. †12.30 am "The Monster and the Girl" (George Zucco stars).

S4C WALES

10.05 am Union World. 10.35 A Week In Politics. 11.15 What the Papers Say. 1.30 Cynhadledd. 1.00 pm Racing from Doncaster. 3.00 Cynhadledd. 4.15 Oil. 5.15 Fifties Features.

6.00 Gardeners' Calendar Roadshow. 6.30 Pillar of Fire. 7.30 Newyddion. 7.45 Talent-iau. 8.15 Noson lawen. 9.15 Y maes chwarae. †10.35 Twilight Zone. 11.00 Queen in Concert.

IBA Regions as London except at the following times:

ANGLIA

†11.00 am Fireball XL5. 11.30 Jack Holborn. 12.20 am Pilgrims Not Strangers.

BORDER

11.00 am The Greatest American Hero.

CENTRAL

11.00 am Spiderwoman. 11.30 Runaway Island. 12.20 am Hall and Oates live at the Apollo Theatre. 1.20 Central Jobfinder.

CHANNEL

11.00 am Otherworld. †11.25 Woody Woodpecker. 11.30 Terrahawks. 11.58 Today's Weather. 12.20 am Peter Tosh: Live from Africa.

GRAMPIAN

11.00 am The Fall Guy. 12.20 am Reflections. 12.25 Sorley MacLean at 75.

GRANADA

11.05 am Tarzan. 2.15 pm Dreams. 12.20 am Air Supply in Hawaii.

HTV

11.00 am UFO. 11.58 HTV News. HTV WALES—As HTV WEST except: 10.00-10.45 pm Club Rugby.

SCOTTISH

11.00 am Joyce and the Wheeled Warriors. 11.25 Batfink. 11.30 Captain Scarlet and the Mysterons. 12.20 am Late Call. 12.25 Sorley MacLean at 75.

TSW

11.00 am Gus Honeybun's Magic Birthdays. 11.05 Otherworld. 11.57 TSW News. 5.05 pm Newsport. 5.10 Blockbusters. 12.20 am Postscript.

TVS

11.00 am Otherworld. 11.57 TVS Weather. 12.20 am Peter Tosh: Live from Africa. 1.20 Company.

TYNE TEES

11.00 am Falcon Island. 11.30 Spiderwoman. 12.20 am Bliss in Concert. 12.50 *Poetry of the People.*

ULSTER

11.00 am Felix the Cat. 11.10 Knight Rider. 11.58 Lunchtime News. 4.56 pm Sports Results. 5.03 Ulster News. 8.57 Ulster News. 12.20 am *News At Bedtime.*

YORKSHIRE

11.00 am Planet of the Apes. 12.20-6.00 am Music Box.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sounds of the 60s. 11.00 Album Time with Peter Clayton. 1.00 pm The News Huddlines. 1.30 Sport On 2 including Rugby League (the First Whitbread Test: Great Britain v Australia); Football; Racing from Doncaster; Tennis plus news of snooker at Reading, badminton from the Royal Albert Hall, golf, motor racing, cricket from Australia and Rugby Union. 5.00 Sports Report. 6.00 Brain of Sport 1986. 6.30 The Press Gang. 7.00 Beat the Record. 7.30 A Night at the Opera. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Jean Challis presents Nightride. 3.00-6.00 David Yarnall.

BBC RADIO 3

7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.15 Cleveland Orchestra: Dvorak (Symphony No 8); 12.00 Interval Reading; 12.05 pm Brahms (Piano Concerto No 2, with Emanuel Ax). 1.00 News. 1.05 Mozart and Berg string quartets. 2.00 Handel Chamber Music. 3.00 Mengelberg's Beethoven. 4.20 Medtner and Bax. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 Schubert and Berg, song recital by Mitsuko Shirai. 7.40 Disconnection (story by Jack Emery). 8.00 Fine Arts Brass Ensemble: Joubert, Casken. 8.30 I Nuovi Virtuosi Di Roma. Concertos by Vivaldi including the Four Seasons (9.05-9.10 Interval Reading). 10.00 Paul Roberts piano recital: Scriabin, Brahms, Anthony Powers. 10.45 The Six Senses. Poetry and music on the theme of "touch." 11.00 Schoenberg and Ligeti chamber music. 11.57-12.00 News.

BBC RADIO 4

7.00 am News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. Presented by Peter Riddell, Political Editor of The Financial Times. 10.30 Loose Ends with Ned Sherrin and studio guests. 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm Radio Active's Bogie Awards (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.15 Near Myths. John Ebdon reflects on life in the Greek islands. 3.30 News; Travel; International Assignment.

4.00 The Saturday Feature: The Real Dallas. 4.45 Memoirs of Fox-Hunting Man. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Stop the Week with Robert Robinson (S). 7.00 Saturday-Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Opinions (S). 11.00 Science Now. 11.30 Radio Times Comedy Parade (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

8.55 am Play School. 9.15 Articles of Faith. 9.30 This is the Day. 10.00 Asian Magazine. 10.30 Talking Business. 10.55 Buongiorno Italia! 11.20 France Actualle. 11.45 Telejournal. 12.10 pm See Hear. 12.35 Farming. 12.58 Weather for Farmers. 1.00 This Week Next Week. 2.00 EastEnders. 3.00 Film: "El Cid" (Charlton Heston stars with Sophia Loren.)

5.50 David Copperfield. 6.20 Save A Life. 6.30 News. 6.40 Songs of Praise from East Belfast. 7.15 Twenty Years of the Two Ronnies. 8.00 Howards' Way. 8.50 News. 9.05 Sunday Premiere: Smart Money. 10.35 Everyman. 11.10 Discovering Animals. 11.35 Grand Prix from Australia.

BBC 2

10.10 am Open University. 11.00 Grand Prix Highlights from Australia. 12.25 pm No Limits. 1.15 Rugby Special. 1.55 Snooker and Tennis. 5.05 Music in Camera. 5.50 Thinking Aloud. 6.30 The Money Programme, including a live report from the Stock Exchange on the countdown to Big Bang, and what the changes will mean to industry and the small investor. 7.15 Did You See . . .? 8.00 World Safari. 9.30 Lovelaw. 10.20 Snooker (climax of the final in the Rothmans Grand Prix). 12.00-12.45 am Tennis (highlights of the final of the Pretty Polly Classic).

LONDON

6.25 am TV-am Breakfast Programme. 9.25 Wake Up London. 9.30 "Why Did You Pick On Me?" 11.00 Morning Worship. 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs. 1.30 Link. 2.00 LWT News Headlines, followed by The Human Factor. 2.30 The Big Match Live—Manchester City v Manchester United. 4.10 The Return of the Antelope. 5.00 The Queen in Hong Kong. 5.30 Sunday Sunday. 6.30 News. 6.40 Highway. 7.15 Child's Play. 7.45 Live from The Piccadilly. 8.45 News. 9.00 Inside Story. 10.00 Spitting Image. 10.30 The South Bank Show. 11.30 LWT News Headlines, followed by End of Empire. 12.30 am California Highways. 12.55 Night Thoughts.

CHANNEL 4

9.25 am Sunday East, followed by Daewarain. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm World Series Baseball. 2.00 Pob's Programme. †2.30 "That Certain Age," starring Deanna Durbin and Jackie Cooper.

4.25 News Summary, followed by The Big Bang Special: Moneyspinner. 5.10 The Business Programme concentrates on their impact of the "Big Bang" on business and the City itself. 6.00 American Football. 7.15 Chasing Rainbows—a Nation and Its Music. 8.15 Pillar of Fire. 9.15 Ozawa. †10.15 The Life of Emile Zola" (Paul Muni stars with Joseph Schildkraut and Gale Sondergaard).

S4C WALES

9.00 am Hafoc. 10.00 The World This Week. 11.00 Worzel Gummidge. 11.30 The Waltons. 12.30 pm World Series Baseball. 2.00 Redbrick. 2.30 Grampian Sheepdog Trials. †3.00 Feature Film: "Crossroads," starring William Powell and Basil Rathbone. 4.35 7 Days. 5.05 The Business Programme.

6.00 American Football. 7.20 Newyddion. 7.30 Trabor. 8.00 Pobol Y Cwm. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Rhaglen Hywel Gwynfryn. 9.35 Paradise Postponed. 10.35 Snwcer.

IBA Regions as London except at the following times:—

ANGLIA

†1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 5.30 Candid Camera. 6.00 Bullseye. 12.30 am Men of the Gospels.

BORDER

9.25 am Border Diary. 1.30 Link. 4.30 Look Who's Talking. 5.00 The Queen in Hong Kong. 5.30 The Return of the Antelope. 6.00 Bullseye.

CENTRAL

1.00 pm Link. 1.30 Here and Now. 4.30 Whose Baby? 5.30 The Return of the Antelope. 6.00 Bullseye. 12.30 am Jobfinder.

CHANNEL

9.25 am Today's Weather. 9.28 Starting Point. 1.00 pm Les Francais Chez Vous. 1.30 Farm Focus. 5.30 Survival. 5.55 Bullseye. 6.25 Channel News Headlines.

GRAMPIAN

11.00 am At Home—"Robin and Heather Tanner." 11.30 A Touch of Music. 1.00 pm Farming Outlook. 2.30 "Anne of the Indies" (Jean Peters, Louis Jourdan, Debra Paget and Herbert Marshall star). 4.00 Bullseye. 5.30 Scotsport. 12.30 am Reflections. 12.35 Sorley MacLean at 75.

GRANADA

1.00 pm Cartoon. 1.05 Aap Kaa Hak. 1.10 The Munsters. 1.40 This Is Your Right. 5.00 Candid Camera. 5.30 The Queen in Hong Kong. 6.00 Bullseye. 11.30 The New Avengers.

HTV

1.00 pm Getting On. 1.30 West Country Farming, followed by Weather for Farmers. 5.00 Me and My Girl. 5.30 Who's the Boss? 6.00 Bullseye. 6.35 HTV News.

Alexandra Pigg and Spencer Leigh in Smart Money, BBC1 9.05 pm

HTV WALES—As HTV West except: 2.00-2.30 pm Wales on Sunday. 5.00-5.30 When the Chips are Down.

SCOTTISH

11.00 am Farming Outlook. 11.30 The Human Factor. 1.00 pm The Glen Michael Cavalcade. 2.00 Come Wind, Come Weather. †2.30 Sunday Afternoon Film: "The Beachcomber," starring Glynis Johns, Robert Newton, Donald Sinden and Donald Pleasance. 4.00 The Queen in Hong Kong. 5.00 Bullseye. 5.30 Scotsport. 12.30 am Late Call. 12.35 Sorley MacLean at 75.

TSW

9.25 am Look and See. 1.00 pm The South West Week. 1.30 Farming News. 4.30 Gardens For All. 5.30 The Return of the Antelope. 6.00 Bullseye. 6.35 TSW News. 12.30 am Postscript Postbag.

TVS

9.25 am Employment Action! 1.00 pm Agenda. 1.30 Farm Focus. 5.30 Survival. 5.55 Bullseye. 6.25 TVS News. 12.30 am Company.

TYNE TEES

9.25 am Hello Sunday. 1.00 pm Farming Outlook. 1.30 Redbrick. 5.30 *Northern Life Sunday Edition.* 6.00 Bullseye. 12.30 am Epilogue.

ULSTER

12.58 pm Lunchtime News. 1.00 Link. 1.30 Bygones. [illegible] Farming Weather. 5.30 Lakeland Games. 6.00 Bullseye. [illegible] Ulster News. 12.30 am Sports Results. 12.35 News at Bedtime.

YORKSHIRE

1.00 pm Link. 1.25 Farming Diary. 5.30 Benson. 6.00 Bullseye. 12.30 am Five Minutes. 12.35-6.00 am Music Box.

Stereo on VHF

BBC RADIO 2

[illegible]

BBC RADIO 3

[illegible]

Roy Marsden in "Inside Story" London 9 pm

BBC RADIO 4

[illegible]